92d Congress
2d Session

COMMITTEE PRINT

WELFARE REFORM AND THE FAMILY ASSISTANCE PLAN

STATEMENT OF ROGER A. FREEMAN
Senior Fellow of the Hoover Institution
on War, Revolution and Peace

before the

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

JANUARY 27, 1972

U.S. GOVERNMENT PRINTING OFFICE
72-506 O WASHINGTON : 1972

Information Resource Center

LAW 13.35

COMMITTEE ON FINANCE

RUSSELL B. LONG, Louisiana, *Chairman*

CLINTON P. ANDERSON, New Mexico
HERMAN E. TALMADGE, Georgia
VANCE HARTKE, Indiana
J. W. FULBRIGHT, Arkansas
ABRAHAM RIBICOFF, Connecticut
FRED R. HARRIS, Oklahoma
HARRY F. BYRD, JR., Virginia
GAYLORD NELSON, Wisconsin

WALLACE F. BENNETT, Utah
CARL T. CURTIS, Nebraska
JACK MILLER, Iowa
LEN B. JORDAN, Idaho
PAUL J. FANNIN, Arizona
CLIFFORD P. HANSEN, Wyoming
ROBERT P. GRIFFIN, Michigan

TOM VAIL, *Chief Counsel*

(2,000)

Administration
Resource
Center

92nd Congress
1971-1972

CMS Library
C2-07-13
7500 Security Blvd.
Baltimore, Maryland 21244

CONTENTS

Page

Introduction. v

Synopsis. vii

Statement of Roger A. Freeman 1

Public Assistance: The Adult Programs 6

Aid to Dependent Children--It's Origin and Growth 12

The "Unemployed Fathers" Program and Other AFDC Reforms in the 1960's 30

The Absent Father 35

The Nonworking Mother 44

The Family Assistance Plan--Reform or Road to Ruin? 56

Alternatives to the Family Assistance Plan. . . . 79

Speech of Roger A. Freeman before the Fifteenth National Legislative Conference, Council of State Governments 91

INTRODUCTION

During public hearings of the Committee on Finance on Friday, January 28, 1972, with respect to H. R. 1, the Social Security Amendments of 1971, on the motion of Honorable Carl T. Curtis, the Committee agreed to publish as a separate document, the statement prepared by Roger A. Freeman, Senior Fellow of The Hoover Institution on War, Revolution and Peace, Stanford University in Stanford, California, for submission to the Committee.

Mr. Freeman testified on welfare reform before the Committee on Finance on Thursday, January 27, 1972. His oral presentation, together with this prepared statement, will be published in the printed hearings of the Committee for that date.

SYNOPSIS

OF THE STATEMENT OF ROGER A. FREEMAN, SENIOR FELLOW,
THE HOOVER INSTITUTION ON WAR, REVOLUTION AND PEACE,
STANFORD UNIVERSITY, STANFORD, CALIFORNIA

ON H. R. 1 (SOCIAL SECURITY AMENDMENTS OF 1972)
Titles III and IV (PUBLIC ASSISTANCE)

BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE

January 27, 1972*

1) A broad consensus appears to have been reached in recent years that the time has come for a fundamental restructuring of our public assistance system. Title III of H. R. 1 would substitute new federal public assistance programs for the existing federal-state-local "adult" programs. As an alternative those programs could be integrated with OASDHI. At the time when the Social Security Act of 1935 was passed, public assistance was viewed largely as a temporary expedient until social insurance coverage became universal. That stage has now been reached: more than 96% of all civilian paid employment was protected by public retirement systems by 1969. OAA recipients are, on the average, 76.6 years old, 70% of them are women of whom two-thirds are widows. To grant recipients of "adult" public assistance programs, the aged, blind and disabled, the dignity and security of OASDHI pensions, at substantially higher benefits than at present, would seem to be an overdue act of equity and compassion. It would be enthusiastically received by the beneficiaries and greatly simplify administration.

2) That AFDC is an abject failure and beyond repair is now generally agreed, admitted even by many of its former admirers and protagonists. Title IV of H. R. 1 would replace AFDC with a federal Family Assistance Program (FAP) that would

*Opinions expressed are those of the author and do not necessarily express the views of the institution with which he is connected.

establish a nationally guaranteed annual income and ancillary benefits, recognize low or no income, regardless of the cause, as the single criterion for eligibility to public assistance, include the "working poor," impose work requirements and offer occupational training and work incentives.

Most of the specific features of FAP, except aid to the working poor, have been tried repeatedly and unsuccessfully in some form or other in the past 15 years when Congress attempted, in vain, to make AFDC fair while controlling its explosive growth. Despite these efforts and all promises of the sponsors of the "reform" proposals, AFDC rolls multiplied five fold during that period.

FAP would not only retain most of the damaging features of AFDC, it would make them worse. Besides doubling the welfare rolls immediately, FAP would, in my opinion, open a Pandora's Box of undreamed-of dimensions. Disruption of labor markets, steadily worsening social ills, and civil unrest could plague the country for years on an increasing scale.

That FAP rolls would decline in subsequent years, or that by its activation "almost half of the AFDC mothers can be moved into regular employment," as this Committee was told last July, is not a hope but a mirage. Once enacted FAP has no place to go but up. The so-called "work incentive" program would subject recipients' earnings to a 67% tax rate and offer them a NET wage of only 40 to 67 cents an hour. This is hardly enough to motivate anyone to work. It remains to be seen whether work and training requirements, already enacted in H. R. 10604 last December, will prove more effective than similar provisions have in the past, as long as welfare benefits offer persons with low skills and little ambition an attractive alternative. Applicants will

register for training, if they are required to do so, but most are not likely to obtain employment and keep it unless they truly want to work at the type of job they are capable of filling, which may be menial and low paid.

3) The universal criticism of current public assistance programs does not mean that our social welfare system was ill planned and badly put together. In retrospect, it seems that the structure's architects in 1935 did a magnificent job that has stood the test of time well. What happened over the past 36 years is not that the system failed but that it was perverted and so badly abused by its managers that its public assistance part has to be rebuilt from the ground. As formed in 1935 the social welfare system consisted of three major parts:

a) a federal program of social insurance against the major hazards of life;

b) federal-state-local programs for clearly identifiable and verifiable causes of need as a temporary bridge until social insurance coverage became universal and comprehensive;

c) state-local "general assistance" programs for residual cases of need resulting from an infinite variety of individual deficiencies that could not be nationally categorized.

ADC was intended to cover, and initially benefited mainly, orphans and children of incapacitated fathers. Today fewer than 5% of the AFDC children are orphans. Three-fourths of the AFDC fathers are "absent"; six out of every seven absent AFDC fathers contribute nothing toward the support of their families, the whereabouts of better than one-half are unknown.

A national system of public assistance, that disregards the cause of dependence and offers benefits comparable to low skill wages is bound to grow without limit. It is a permanent and irresistible invitation to abuse and ruin. In most AFDC cases the cause of need is not economic but social and requires individual consideration and judgment, which is impossible under a national uniform program.

4) Enactment of H. R. 1 would be a major milestone in the process of concentration of all governmental power in the national government. S 2037 by Senator Curtis offers one attractive alternative that would return to the states powers which the federal government assumed in recent years.

5) Persons whose need stems from objectively determinable and verifiable causes, such as old age, blindness, disability, death or incapacity of the breadwinner, etc. can be and should be covered by a national insurance system. Most of the financial means for aiding other cases of need -- the social problem families -- may also be provided by the federal government. But the nature of preventive and corrective programs as well as decisions on the appropriate form of aid, treatment and training in each case must be individualized and can better be determined at state and community levels. My proposal would shift OAA, AB, ATPD and AFDC for widows, orphans and familes of disabled fathers to national social insurance. Other needy persons presently in GA and most AFDC cases should be aided by state and local governments largely from funds distributed among the states by the federal government in proportion to population, and in inverse ratio to per capita income (closed-end formula grants).

6) The national government could also assist the states in other ways. About two million fathers have left the families they spawned to the tender care of AFDC and most of them contribute nothing. Reciprocal support agreements among states have proven inadequate or ineffective. Parental failure to support should be made a federal offense -- because federal money is involved -- to be strictly and uniformly enforced throughout the country. At a time when 44% of all women are in the labor force (38% of the labor force is female) and half of all mothers of children 6 to 17 years of age work, mothers should be held equally responsible for the support of their children.

For men and women who cannot compete for steady employment in an open market -- because their productive capacity is below the wages they would have to be paid due to low intelligence, lack of "drive" or for whatever reason -- should be offered a "sheltered workshop" type of employment, either with the help of tax credits or by the government acting as an "employer of last resort." Work relief -- which particularly includes the care of children of other working mothers -- offers a valid and fair test of genuine need and of eligibility for public assistance.

STATEMENT OF ROGER A. FREEMAN, SENIOR FELLOW,
THE HOOVER INSTITUTION ON WAR, REVOLUTION AND PEACE,
STANFORD UNIVERSITY, STANFORD, CALIFORNIA

ON H. R. 1 (SOCIAL SECURITY AMENDMENTS OF 1972)
Titles III and IV (PUBLIC ASSISTANCE)

BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE

January 27 , 1972*

For well over two years Congress has been considering a Family Assistance Plan (FAP) which President Nixon has called "... the single most significant piece of social legislation to be considered by the Congress in decades," and which he has designated as the nation's number one domestic priority.

In his message of August 11, 1969, the President declared:

> The present welfare system has failed us -- it has fostered family breakup, has provided very little help in many states, and has even deepened dependency by all too often making it more attractive to go on welfare than go to work.
>
> I propose a new approach that will make it more attractive to go to work than to go on welfare, and will establish a nationwide minimum payment to dependent families with children....
>
> This would be total welfare reform -- the transformation of a system frozen in failure and frustration into a system that would work and would encourage people to work....
>
> For the first time, the more than 2 million families who make up the working poor would be helped toward self-sufficiency and away from future welfare dependency.

---

*Opinions expressed are those of the author and do not necessarily express the views of the institution with which he is connected.

> For the first time, training and work opportunity with effective incentives would be given millions of families who would otherwise be locked into a welfare system for generations....
>
> For the first time, every dependent family in America would be encouraged to stay together, free from economic pressure to split apart.

In short, the President envisions this as a historic turning point in American social policy: from welfare to workfare.

I would like to read to you, at this point, from an Associated Press dispatch on the signing of a bill "shifting the emphasis of the nation's welfare program for the needy from the dole to rehabilitation" that admittedly will cost more to start with but will "eventually save the government money by stressing self-support and by simplifying welfare administration."

> The President said Thursday that the bill he signed Wednesday night makes possible the most far-reaching revision of the public welfare program since it was enacted in 1935.
>
> "This measure," he said, "embodies a new approach -- stressing services in addition to support, rehabilitation instead of relief, and training for useful work instead of prolonged dependency.

Incentives Listed

> "This important legislation will assist our states and local public welfare agencies to redirect the incentives and services they offer to needy families and children and to aged and disabled people.
>
> "Our objective is to prevent or reduce dependency and to encourage self-care and self-support -- to maintain family life where it is adequate and to restore it where it is deficient."

This may sound like President Nixon signing H. R. 1 into law. But it was actually President Kennedy signing an act with identical goals on July 26, 1962, to

carry out the 1961 and 1962 welfare reforms.

What were its results?

The population of the United States grew 11% between 1961 and 1971 but the number of AFDC recipients soared by 216%, from 3.2 to 10.2 million, and the AFDC recipient rate (per 1000 children under 18 years) multiplied two and a half times.

I could go back farther and cite from President Roosevelt's 1935 State of the Union Message, in which he proposed an alternative to "continued dependence upon relief" and promised "The Federal Government must and shall quit this business of relief." Upon signing the 1935 Social Security Act he said, "I can now see the end of public assistance in America" -- just as President Johnson on signing the Economic Opportunity Act in July 1964 announced: "The days of the dole in our country are numbered." The days that have since elapsed number about 2700, and they have witnessed a veritable welfare explosion -- from 7.7 million to 14.4 million recipients, from an annual cost of $5 billion to $18 billion. We are left to wonder: If the days of the dole are numbered, what is their number?

There is no doubt in my mind that each of the Presidents I quoted was genuinely

sincere in expecting and predicting that the reforms he had proposed and was about to carry out would work. But the harvest came up thistles every time.

I am reciting these facts to you because we can judge current proposals, and the likelihood that they will produce the desired results, best in the light of past endeavors with similar goals, plans and programs.

Let us suppose that H. R. 1 is passed as it now stands and that welfare rolls are doubled within one year, in the hope that they will diminish thereafter. Will someone, five or ten years hence, make comparisons between the promise of the Family Assistance Plan and its delivery, similar to those I gave you -- and will detail later on -- on past attempts to reduce or eliminate welfare dependency in our country?

There is a striking parallel between the concepts of welfare reform and the statements of the Secretary of H. E. W. in 1961-62 and of his successors in 1970 and 1971. Secretary Elliot Richardson testified at the opening of these hearings on July 27, that FAP would initially cost more but would save money in the long run because of

"the new thrusts to get people off the welfare rolls and onto payrolls ... we are convinced that the actual caseloads under H. R. 1, over time, will be smaller than the actual caseloads under the rapidly growing and uncontrollable AFDC program."

When the Secretary of H. E. W. was asked in February 1962, "Might you save more than you spend by these changes?" he replied: "Not the first year. Eventually we will because we feel this way we will move people off relief."[1] But federal AFDC outlays jumped from $771 million in FY 1962 to a budgeted $3,656 million in FY 1972 (federal grants for all public assistance soared from $3 billion to $11.4 billion).

Will we repeat the experience of the past ten years over the next ten? Of course, nobody can foretell the future. A few weeks after the signing of the 1962 Social Security Act, I was called upon to address the National Legislative Conference -- composed of the leaders of the state legislatures -- on the subject of ADC. After outlining what I thought needed to be done, I warned that ADC rolls "may exceed 4 million by 1970, and could run closer to 5 million if present trends continue." I missed the mark. ADC rolls reached 9,666,000 in December 1970.[2]

Most of the techniques in the FAP-workfare plan -- work incentives, occupational training, work requirement, penalties for refusal of jobs or training -- have been tried before and proven ineffective. I see nothing in the pending proposal that should cause us to expect better results in the future.

---

[1] U.S. News & World Report, February 5, 1962, p. 65.

[2] I am appending a copy of that paper as it appeared in Vital Speeches of the Day, November 1, 1962.

Current plans can be more reliably evaluated by a historical review and analysis of past attempts to move from welfare to workfare.

Public Assistance: The Adult Programs

During the past two years of debate in and out of Congress, not one good word was said about our public assistance programs. Condemnation of the present welfare system appears to be complete, universal and devastating, with virtually all pejorative adjectives in the vocabulary used to express utter disapproval.

Does this mean that our social welfare system was ill planned and badly put together? I do not believe so. In retrospect, after reviewing the welfare experience during the past 36 years, it seems to me that the system's architects -- President Franklin D. Roosevelt, his Committee on Economic Security and the 74th Congress -- did a magnificent job in designing and putting into practice a structure that has stood the test of time. It would still be serving its purpose well, if an initially minor segment had not been perverted to ends it had not been intended to serve and cannot serve. In other words, it is not the system that failed but subsequent abuse that caused its fall from grace and its need for major surgery.

The basic aim and principle of the system of economic security as it was shaped in 1935 and subsequently expanded, was to provide all Americans with social insurance against the major hazards of life: old age, death of the breadwinner, sickness or accident resulting in lasting inability to work, unemployment.

It was evident from the outset that it would take several decades until most members had built up enough employment credits for adequate retirement and survivors and

disability benefits. But aid to the victims of common life risks had to be granted immediately. Provision was therefore made for public assistance in specified categories of identifiable causes of need which could be clearly established: old age, blindness, death and incapacity of the breadwinner.

The founders of our economic security system recognized that there were other incidences of need, not covered by those public assistance categories, such as lack of income resulting from temporary local conditions, personal inadequacies, anti-social or destructive behavior, and a variety of other causes. They did not deem it necessary, or even appropriate, for the national government to participate in programs in which clearcut nationally applicable criteria were difficult or impossible to establish and where remedial action would often require more than -- or other than -- financial support. Above all, they felt that decisions on eligibility in such cases were subject to individual judgment in each instance and should be left to local relief through a "general assistance" program. It was expected at the time that membership in the categorical assistance programs would gradually diminish as social insurance expanded and matured. The Committee on Economic Security concluded: "Until literally all people are brought under the contributory system, noncontributory pensions will have a definite place even in long-time old-age security planning." (Report to the President, p. 26)

By the end of 1969, almost all Americans were in the contributory system: out of 77.9 million persons in paid civilian employment, 75.1 million -- 96.4% -- were covered by public retirement systems, 92.4% of those by social security (OASDHI). Eighty-five percent of persons 65-and-over now receive OASDHI benefits; about 16%

are in the labor force.[1]

Old-age assistance recipients have declined, if more slowly than had been expected, and now number only 2 million, or about 10% of the 65-and-over group. But three-fifths of those are also OASDHI beneficiaries and get OAA as a supplement. Only 4% of the 65-and-over group receives OAA alone. OAA benefits, however, are too low in several states to sustain recipients at an acceptable level.

Several proposals are now pending to improve the status of our senior citizens:

The Senate Finance Committee recommended in 1970 to establish a minimum floor of $130 per month for a single individual and $200 for a couple, in the aged, blind and disabled public assistance categories, to be footed entirely by the national government. (Senate Report 91-1431)

S. 2037 by Senator Curtis would provide federal revenue sharing or block grants to the states and would permit them to use their own judgment in raising public assistance benefits and forming criteria for eligibility.

The Administration proposed, and the House on June 22 approved in H. R. 1, a new federal public assistance program, to replace the existing federal-state assistance programs for the aged, blind and disabled. Monthly benefits for a single person would rise from $130 in 1972 to $150 in 1974; for a couple, from $195 in 1972 to $200 in 1973. States could supplement those monthly grants if they wished, with federal support.

---

[1]The unemployment rate among men or women 65 years-and-over is only half as high as for the entire labor force.

The Senate Finance Committee plan would make the least changes in the existing system, besides raising benefits. The Curtis bill would give states the broadest policy discretion in dealing with all categories of public assistance, while granting them enlarged federal funds.

The Administration-House plan (H. R. 1) would federalize the public assistance categories for the aged, blind and disabled and provide uniform eligibility, benefits, etc. throughout the country except for optional state supplements.

There is a fourth possibility, which has come up repeatedly over the years: to transfer aged, blind and disabled persons from public assistance to social security. This could be done by "blanketing in," or by permitting a minimum period of coverage so that states could "buy in," paralleling an option offered all employers and employees in the 1950 Amendments. Also, the federal government could make an appropriate contribution from general revenue funds, somewhat larger than its present grants to states for public assistance.

It has long been evident that the recipients would prefer to get their checks from the Social Security System rather than from public assistance. This could abolish the means test and other onerous distinctions they resent and give them the dignity they desire. The two million recipients of OAA now average 76.6 years of age; 70% of them are women, of whom two-thirds are widows. Virtually none of them will ever be self-supporting -- they will continue to derive their sustenance from the government for the rest of their lives, in some form. The question is only: shall it be in the form of public assistance or through social security. Three-fifths of the OAA recipients already

get OASDHI benefits which, however, often are inadequate. So it would basically be a question of raising the OASDHI benefit to a level high enough to make a supplemental OAA check unnecessary, save in exceptional cases. On last count (February 1971) concurrent recipients of both OASDHI and OAA received an average of $74.05 a month from the federal program, $65.65 from the state program, for a combined total of $139.70. Federal benefits were raised about 10% in June 1971, bringing the total close to $150.

The federal government is presently footing 62% of the cash benefits to recipients of the three adult assistance programs, about $2 billion annually, and certain to pay substantially more under pending plans. Two of those plans would give public assistance recipients a uniform level of benefits equal to the average of the OASDHI recipients. This means that about half of the OASDHI recipients, who contributed for many years, would get lower benefits than public assistance recipients who did not. That hardly seems fair. Admittedly, it is quite expensive to raise OASDHI benefits to a level that would grant most or all recipients a monthly amount requiring no supplementation. But it should be recalled that millions now receive substantial OASDHI benefits for which they made only small or mere token contributions.

A substantial increase in the monthly minimum OASDHI benefit, combining current OASDHI and OAA grants, appears justified and overdue. The inadequate level of many social security pensions results from a quirk in the current law: the wage and benefit base is computed by the average of the years elapsed since 1950, with only the five lowest years eliminated. The maximum wage base was only $3,600 in the early

1950s, then rose to $4,800 and reached $7,800 in 1968; only in 1971 was it lifted to $9,000 (scheduled to climb to $10,200 under H. R. 1).

The social security laws of most other countries typically base benefits on the average earnings in the five highest years, as does the federal civil service retirement law and many state and other public pension systems. To pay in the 1970s social security benefits based on a maximum wage base in the 1950s and 1960s appears greatly inequitable. Contributions in the mid-1950s were made in dollars that were worth 50% more than 1972 dollars. Substantial relief could be provided by following in OASDHI the prevailing practice of basing benefits on the five highest years. The relevant provisions in Sec. 108 (b) of H. R. 1 are capricious and barely a token.

To provide social security protection to virtually all aged, blind and disabled persons and their dependents and survivors -- although they had slipped through the net that had gathered most of their contemporaries -- would be a momentous step that would generate broad enthusiasm beyond the ranks of its direct beneficiaries. It is likely to be well received by the American public as an act of fairness and justice. The move would signify that the social security system, initiated by Franklin D. Roosevelt and the 74th Congress in 1935, has come of age and matured after a growth of 37 years, and is ready to extend its umbrella, to all Americans even if, by a quirk of fate, they did not acquire credits in it during their own or their deceased or incapacitated husbands' or fathers' working lives.

If social security were made universal and extended to all aged, blind or disabled persons it would be proper to include widows and orphans who missed getting

social security coverage and are still under AFDC. That would bring into clearer focus the problem of other AFDC recipients which I shall discuss in the next section.

Aid to Dependent Children -- Its Origin and Growth

During the long drawn out and intensive congressional debates which led to the passage of the Social Security Act in 1935 only a few casual references were made to ADC, all of them complimentary. No one raised a question, and attention focused on contributory old-age pensions and unemployment insurance. ADC passed without much notice.

When the Social Security Amendments were up in 1970 and 1971, virtually the entire debate turned on AFDC and its proposed replacement by FAP while the many significant social security changes were hurried through without attracting much attention in Congress, in the press or among the public. The debate showed that views on AFDC were polarized, arguments emotional and heated. AFDC, spawned in harmony and compassion,had become the subject and, in fact, the very symbol of a deep ideological split and sharp dissension.

To clarify the nature of the conflict and to correct widely held misconceptions, it is necessary to go back to the origin of ADC and follow its history.

The idea traces back to the first White House Conference on Care of Dependent Children, called by President Theodore Roosevelt in January 1909. Its participants recommended:

> Children of parents of worthy character, suffering from temporary misfortune and children of reasonably efficient and deserving mothers who

> are without the support of the normal breadwinner, should as a rule, be kept with their parents, such aid being given as may be necessary to maintain suitable homes for the rearing of the children. This aid should be given by such methods and from such sources as may be determined by the general relief policy of each community, preferably in the form of private charity, rather than of public relief (Senate Documents, Vol. 13, 60th Congress, ed S., pp. 9-10).

Soon after, a few states adopted mothers' aid or widows' pensions programs and by 1934, 45 states had them in operation, at an annual cost of $37 million, generally funded and administered by local communities.

When state and local treasuries fell on hard times in the mid-thirties, ADC was created to carry on widows' or mothers' aid through federal-state cooperation. Only one speech was given on ADC during the 1935 congressional debates, by Dr. Sirovich of New York. It lasted but 4 minutes and focused on the plight of fatherless children:

> Death, through the loss of the breadwinner, has broken many a home. For centuries the widows, orphans and dependent children have cried aloud for help and assistance in their tragic periods of economic insecurity. In the past the only recourse for orphaned children was the poorhouse, almshouse, and the orphan asylum....
>
> This bill so carefully conceived, further protects the home because millions of dollars are granted by the Federal Government to the states, that will eliminate the orphan asylums and restore the orphaned child to the custody of its own mother, who is the proper and noblest guardian of childhood. (Congressional Record, April 16, 1935, pp. 5786-87)

The Committee on Economic Security included in its Report to the President a section headed "Aid to Fatherless Children" in which it recommended federal grants:

> Such Federal grants-in-aid are a new departure, but it is imperative to give them, if the mothers' care method of rearing fatherless families is to become nationally operative. The amount of money required is less than the amount now given to families of this character by the Federal Government by the less desirable route of emergency relief. An initial

> appropriation of approximately $25 million per year is believed to be sufficient. If the principle is adopted of making grants equal to one-half of the state and local expenditures (one-third of the total cost) with special assistance to the states temporarily incapacitated, this sum might in time rise to a possible $50 million.

Presenting ADC (Title IV) to the House, the Chairman of the Ways & Means Committee said:

> The enactment of this title would not involve any larger expenditures than the Federal Government has been making for the support of these families on relief, but will very materially aid the states in caring for this group of their unemployables, for whom they must now assume responsibility. (Congressional Record, April 17, 1935, p. 5904)

Edwin Witte, the Executive Director of the Committee on Economic Security, complained about a "complete lack of interest [in Congress] in the aid to dependent children" and wrote: "It is my belief that nothing would have been done on this subject if it had not been included in the report of the Committee on Economic Security."[1]

The federal share was limited to one-third of an $18 monthly maximum grant per child. No notice was taken when the program's name was changed to "Aid to Dependent Children" -- the broadest possible title, since all children are necessarily dependent. A dependent child, eligible for federal matching, was defined as one under 16 years "who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent." Nobody, except members of the social welfare profession close to the scene, could have then realized that the "absent from the home" clause was the inconspicuous enter-

---

[1]Edwin W. Witte, The Development of the Social Security Act, Madison: University of Wisconsin Press, 1962, p. 164.

ing wedge that would eventually overwhelm the entire program. The law was carefully drawn so that federal administrators could put their own ideas into practice and prevent the states from applying restrictions they had used in the mothers' aid laws or use other safeguards against a flooding by applicants whom neither Congress nor state legislatures had intended to become beneficiaries under this program.

Congress and the American public were given to understand that ADC was intended mainly for the protection of children whose fathers were dead or incapacitated, with possibly a small number included whose fathers had deserted. The federal administrator of the public assistance programs could say in 1939 that "the father's death is no doubt the most frequent cause of dependency." To begin with, orphans accounted for nearly half the ADC-load and children of incapacitated fathers for another 25%. But this dwindled gradually until by 1969 only 5.5% of the ADC cases were due to death and 11.7% to incapacity of the father. Five percent of the fathers were unemployed, while three-fourths of all fathers were "absent." It had originally been intended to take care of the social problem cases and of unemployed persons not covered by unemployment compensation by general assistance programs that were locally financed and locally controlled. But by a gradual shift, particularly in the past ten to fifteen years, the ADC program was made to serve predominantly a clientele that should have come under General Assistance.

The prevailing ideology of the social welfare profession not only favored but demanded that shift. Because the profession holds the command position in the administration of the public assistance programs at federal, state and local levels, it

was able to carry it out. State and local governments came to like the shift from General Assistance to ADC which enabled them to have the federal treasury foot 50% to 83% of their relief load.

Franklin Roosevelt had warned of the danger of relief in apocalyptic terms:

> The lessons of history ... show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief ... is to administer a narcotic, a subtle destroyer of the human spirit.... The Federal Government must and shall quit this business of relief. (1935 State of the Union Message)

Congress had intended to shift from public assistance to contributory programs, as the American Assembly expressed it:

> The present theory is that, as our insurance-type plans approach complete coverage and maturity, assistance will wither away until finally it is confined to the irreducible residue of situations not capable of insurance treatment. (Economic Security for Americans, 1954, p. 26)

Federal Security Commissioner Arthur J. Altmeyer testified in February 1947 on the public assistance appropriations:

> ... we cannot expect this load on the general revenues of the United States to decline as rapidly as it should decline until and unless we improve our contributory social-insurance system to include the entire working population, instead of just a portion which is included at the present time....
>
> So, if we had coverage of the old-age and survivors insurance system which include the whole working population -- farmers and farm laborers particularly -- we would find that our old-age assistance rolls and our aid-to-dependent children rolls, would decline rapidly....
>
> You will recall that the intent of the Social Security Act was that the insurance system in course of time would largely supersede this public assistance plan that is financed out of general revenues. I just mention it because it seems to me that the Appropriations Committee, which is concerned with the charge upon the general revenues, would want to know

> what the potential effect would be of a more comprehensive, adequate contributory social-insurance system on reducing the general disbursements of the Government (emphasis supplied). (Hearings, Labor-Federal Security Appropriations Bill, 1948, House, p. 603)

Coverage of public retirement systems was indeed broadened repeatedly by Congress and inched up from 62% of all paid civilian employment in 1939 to 70% in 1949, and to 93% in 1959. At the end of 1969 coverage reached 96.4% of all civilian paid employment so that it can truly be said that the entire working population is now included. But welfare recipients and expenditures did not decline as Mr. Altmeyer predicted; they rose at ever-increasing rates: federal public assistance outlays multiplied ten times between FY 1950 and FY 1972, the number of ADC recipients multiplied nearly five times.

Social security benefits were liberalized. The Social Security Board recommended that aged widows and orphans of covered workers be made eligible for benefits and Chairman Arthur J. Altmeyer testified before the Senate Finance Committee in June 1939:

> As this insurance system gets into operation and a young man dies, leaving a widow and children, there will be benefits payable until the child becomes 18 years of age. It ought to remove a large proportion of these dependent children from the state mothers' pensions rolls, and also ought to remove some from the W.P.A. rolls. (Hearings, Social Security Amendments, p. 14)

The reference to "state mothers' pensions" was apparently a slip of the tongue: they had been taken over by ADC in 1936. In reply to a question from the House Ways and Means Committee Mr. Altmeyer replied: "It seems evident, therefore, that in the future the proposed liberalization of these insurance benefits would provide for some of the children who would otherwise be cared for by assistance under Title IV." (Hear-

ings, Social Security, Ways and Means Committee, April 1939, p. 2298)

In 1939, Congress made social security benefits available to surviving families of insured workers who had died and in 1959 to families of incapacitated workers. It also increased benefits substantially. Monthly amounts averaged:

	Widow and 2 children	Incapacitated worker, wife and 1 child
1940	$ 47.10	
1950	93.90	
1960	213.70	$192.90
1969	268.30	235.20

Source: Social Security Bulletin, Annual Statistical Supplement, 1969, Dept. of HEW, August 1971, Table 97.

Under H. R. 1 the widow of an insured worker, with 2 children, assuming an average wage base of $400, will receive $354.70 a month.

The number of OASDHI beneficiaries grew rapidly; recipient retired and disabled workers and their families, and their survivors numbered:

1945	1.3 million
1950	3.5 million
1960	14.8 million
1970	26.2 million

Source: Social Security Bulletin, July 1971.

In Oct. 1971 there were 27 million beneficiaries, of whom 6.6 million were survivors of workers (one-half of them children) and 2.8 million persons in disabled workers' families, nearly 1 million of them children.

The number of orphans on ADC rolls dropped, from 350,000 in 1950 to 202,000

in 1960 and to 165,000 in 1966.[1] In 1969 there were only 89,700 families on AFDC rolls for reason of the father's death.[2]

While the number of orphans on AFDC rolls shrank, as had been predicted, the total number of recipients slightly declined only from 1950 to 1953 and then started rising with ever-increasing rapidity:

	Children receiving AFDC
1945	647,000
1950	1,660,000
1953	1,493,000
1955	1,691,000
1960	2,322,000
1965	3,241,000
1970	7,034,000
July 1971	7,390,000

Between 1953 and 1971 the U.S. population under age 18 grew 35%, while the number of children on AFDC increased by 394%. There was one child on AFDC for every 35 in the population in 1953 -- now there is one in ten. If children were evenly distributed among the schools, there would be about 3 AFDC children in every classroom.

This spectacular increase in welfare dependency took place during a period of remarkable improvement in family incomes.

---

[1] David B. Eppley, "Decline in the Number of AFDC Orphans: 1935-1966," Welfare in Review, Dept. of HEW, September-October 1968

[2] Findings of the 1969 AFDC Study, Part I, Table 13, Dept of HEW, December 1970.

Median Family Money Income in the United States

	In Constant 1970 $	Unemployment Rate
1947	$5,259	3.9%
1950	5,385	5.3
1960	7,376	5.5
1970	9,867	4.9
1971	N.A.	6.0

Source: Bureau of the Census, Current Population Reports, Series P-60, #80.
Bureau of Labor Statistics, Employment and Earnings, Dec. 1971.

The number of families with a money income under $3,000 (constant 1970 $) was cut in half:

1950 9.1 million families = 22.8% of all families
1960 7.1 million families = 15.6% of all families
1970 4.6 million families = 8.9% of all families

Source: As above.

The number of persons below the poverty level dropped sharply during the 1960s, the period of the steepest rise in welfare:

	Persons with money income below poverty level		Children under 18 in families below poverty level	
	Million	Percent of all persons	Million	Percent of all children
1960	39.9	22.4%	17.3	26.5%
1970	25.5	12.6%	10.5	15.0

Source: Bureau of the Census, Current Population Reports, Series P-60, #77.[1]

Some of the reduction in poverty could undoubtedly be traced to a rise in public income maintenance programs and particularly to higher and more easily available pub-

[1]Threshold of Poverty Level in 1970: 4-person family $3944
6-person family 5212
Unrelated individuals under 65 2005

lic assistance and social security benefits. About 170 anti-poverty programs were reported to be operating in 1971 at an annual cost of $34 billion. Public income maintenance programs have been growing twice as fast as personal income generally:

Public Income Maintenance Programs

	Billion	Percent of Personal Income
1940	$4.4	5.6%
1950	9.5	4.2
1960	27.8	6.9
1970	79.9	9.9
1971 (first half)	$94.0	11.1%

Public concern arose when the Census Bureau reported in May 1971: "Poverty Increases by 1.2 million in 1970." (Series P-60, No. 77) After declining from 39.5 million in 1959 to 24.3 million in 1969, the poverty population grew to 25.5 million in 1970. In percent of the total population, the number of persons below the poverty line had fallen from 22.2% in 1959 to 12.2% in 1969, but risen to 12.6% in 1970.

What causes this trend reversal?

When we study income distribution (Series P-60, No. 78 and No. 80), we find that the number of families with an income under $3,000 (constant 1970 $) declined from 15.9% of the total population in 1959 to 8.6% in 1969, then went up to 8.9% in 1970. In current dollars, however, families with an income under $3,000 declined between 1969 and 1970, from 9.3% to 8.9%. What happened between 1969 and 1970 is that the definition of poverty was changed; the so-called threshold was raised for a 4-person family

from $3721 to $3944. That 6% increase equals the rise in the Consumer Price Index. In other words, the increase in the incidence of poverty was caused by higher prices without equivalent boosts in the income of many families in the lowest income brackets.

Millions of workers were able to have their wages lifted by 7%, 8% or more in 1970, although their manhour productivity grew less than 1%. Consequently prices went up.[1] This left large numbers of families at the low end of the scale, particularly those with a fixed income such as from pensions, insurance, bonds, savings accounts, etc. behind and they were pushed below the official poverty line. This seems to confirm a long-known fact, namely, that inflation hurts low-income persons severely. Fiscal policies of huge spending and budgetary deficits, expansionary monetary policies and outsized wage boosts depress the living standards of a substantial number of persons in the lowest income brackets. Inflationary policies therefore must be blamed for at least part of the mushrooming welfare costs.

When ADC rolls and expenditures started increasing after the 1950-53 lull -- contrary to official predictions that they would continue to decline as social security benefits were liberalized -- concern arose in the Administration, in Congress and among the public. A search began for corrective policies. In 1956 Congress amended the stated purpose of public assistance and declared that in addition to financial aid, services should be provided to guide recipients toward independent living. Since few

[1]Between 1969 and 1970 employee compensation increased from 74.0% of the national income to 75.6% while simultaneously corporate profits before taxes fell from 11.0% to 9.5%, after-tax profits from 5.8% to 5.2%.

fathers were around in ADC cases, interest arose in helping mothers to become self-supporting. When ADC first came into being, no thought had been given to have mothers seek employment. At a time when up to 9 million men, more than one-fifth of the male labor force, many of them well educated and skilled, were treading the streets, the idea of having mothers of small children compete with their fathers for the few available openings seemed futile and improper. The alternative then was not between mothers working or not working but between supporting needy children in institutions or in their homes.

Jobs became more plentiful during and after World War II and the labor force participation rate of women climbed from 31.8% in 1947 to 36.9% in 1957, to 41.2% in 1967 and reached 44.3% in Nov. 1971. Limited action toward turning welfare recipients into workers in the late 1950s produced few results and by 1961 there were nearly one million more children on ADC than there had been five years before. So, early in 1962, President Kennedy recommended to change the emphasis in welfare programs, "stressing services instead of support, rehabilitation instead of relief, and training for useful work instead of prolonged dependency." Congress responded favorably and approved various training and community work programs, day-care to help welfare mothers to become working mothers, and 75% federal matching for the training of welfare personnel. Aid to Dependent Children (ADC) was renamed Aid to Families with Dependent Children (AFDC), and the Manpower Development and Training Act of 1962 was passed to train and upgrade the skills of unemployed and underemployed persons. This revived practices of voluntary charitable organizations which had been trying, for a century before

ADC was established, to guide needy families to self-support.

In his 1962 State of the Union Message, President Kennedy declared that "emphasis must be directed increasingly toward prevention and rehabilitation -- on reducing not only the long-range cost in budgetary terms but the long-range cost in human terms as well."

Those hopes and efforts, however, went for naught when another million children was added to AFDC rolls between 1961 and 1967, and federal public assistance grants jumped from $2.4 billion to $3.2 billion.

Concern in Congress grew over this apparent discrepancy between promise and delivery. During the 1964 H.E.W. House appropriations hearings Rep. Denton recalled, "...we told the people back in 1951 that the social security system is going to supersede this welfare program and it isn't doing it." He quoted Arthur Altmeyer's statement before the same committee in 1947 that "aid-to-dependent children rolls would decline rapidly" and President Roosevelt's promise that this legislation would end the relief program, and social security and unemployment insurance would take care of it. (Hearings, Depts. of Labor and HEW Appropriations for 1964, House, pp. 142-45)

In its report (House Report #1316) the Appropriations Committee said it "cannot believe that the cost of this program needs to continue going up, especially in view of the 1962 amendments which were supposed to reduce these costs and in view of the increase in economic activity estimated to result from the tax cut, and the inroads to be made by the anti-poverty program."

That year, as in most others, Congress reduced the President's appropriations

request for public assistance grants. But those were merely paper cuts because the federal government's commitments to reimburse the states are statutory and have to be met, as they were year after year, by supplemental appropriations.

The FY 1966 appropriation for public assistance grants was cut $242 million below the request of the Dept. of HEW. The House Committee explained, "It would seem that this should be a very modest reduction to expect in view of the expansion of programs under the Social Security amendments of 1962 that were aimed at reducing dependency and whose sponsors promised the American people that they would reduce dependency." (Report, Departments of Labor and HEW Appropriation Bill, 1966, April 29, 1965, pp. 47-48)

A few months later, however, a supplemental appropriation was requested to restore not only the $242 million cut but add an additional $140 million. The Committee commented:

> ... When Congress acted on the regular annual bill for the Departments of Labor and Health, Education, and Welfare for fiscal year 1966, it reduced the request for grants to States for public assistance by $242,100,000 on the basis that we have been appropriating hundreds of millions of additional dollars every year for the past few years for programs that are aimed at combating dependency, and the outlook for a reduction in the rate of unemployment was better than it had been for a long time. Of course, unemployment rates have gone to even lower levels than was anticipated when Congress acted on the original appropriation for 1966. Yet, in the face of this fact, the request for a supplemental appropriation is not only to restore the reduction made by Congress last year but for an additional amount of approximately $140 million. Of course, this is purely a mathematical calculation and nothing can be done under the law but to pay the bill. (Report, Second Supplemental Appropriation Bill, 1966, March 25, 1966, p. 18)

Early in 1967 President Johnson sent to the Congress a Message on Welfare for Children, in which he proposed a 12-point program. After concluding its hearings, the Ways and Means Committee reported (House Report #544):

> Your committee has become very concerned about the continued growth in the number of families receiving aid to families with dependent children (AFDC). In the last 10 years, the program has grown from 646,000 families that included 2.4 million recipients to 1.2 million families and nearly 5 million recipients. Moreover the amount of Federal funds allocated to this program will increase greatly (from $1.46 billion to $1.84 billion) over the next 5 years unless constructive and concerted action is taken now to deal with the basic causes of the anticipated growth.[1]
>
> * * * * *
>
> It is now 5 years since the enactment of the 1962 legislation, which allowed Federal financial participation in a wide range of services to AFDC families -- services which your committee was informed and believed would help reverse these trends -- and your committee has had an opportunity to assess its effect on the status of the AFDC program. While the goals set for the program in 1962 were essentially sound, those amendments have not had the results which those in the administration who sponsored the amendments predicted. The provisions for services in the 1962 amendments have been implemented by all the States, with varying emphasis from State to State as to which aspects receive the major attention. There have been some important and worthwhile developments stemming from this legislation. The number of staff working in the program has increased so that the caseworkers have smaller, more manageable caseloads. The volume of social services has increased and some constructive results have been reported. It is also obvious, however, that further and more definitive action is needed if the growth of the AFDC program is to be kept under control.
>
> Your committee has studied these problems very carefully and is now recommending several coordinated steps which it expects, over time, will reverse the trend toward higher and higher Federal financial commitments in the AFDC program. The overall plan which the committee has developed, with the advice and help of the Department of Health,

---

[1] It should be mentioned that most of the proposed reforms were enacted, but the budget for FY 1972 recommended not $1.84 billion, as the Ways and Means Committee said it might, but $3.72 billion.

> Education, and Welfare, amounts to a new direction for AFDC legislation. The committee is recommending the enactment of a series of amendments to carry out its firm intent of reducing the AFDC rolls by restoring more families to employment and self-reliance, thus reducing the Federal financial involvement in the program. (pp. 95-96)

A 12-point program was proposed which included training programs for AFDC recipients in all states, penalties for not accepting an offered job, work incentives, earnings disregard, child-care services, etc.

This was the most comprehensive and energetic program yet conceived for converting AFDC recipients into workers. The committee added, "Your committee believes that a great many mothers, as well as virtually all unemployed fathers, of AFDC children can be trained for and placed in productive employment."

The Senate Finance Committee followed parallel lines (Report #744):

> We are very deeply concerned that such a large number of families have not achieved and maintained independence and self-support, and are very greatly concerned over the rapidly increasing costs to the taxpayers. Moreover we are aware that the growth in this program has received increasingly critical public attention.
>
> * * * * *
>
> The Committee is recommending the enactment of a series of amendments to carry out its intent of reducing the AFDC rolls by restoring more families to employment and self-reliance. (pp. 145-46)

The committee concluded "that the new provisions will mean that fewer children will be receiving aid [in FY 1972] than if the law were continued in its present form."[1] (p. 167)

---

[1]These were the results:
AFDC recipient children in FY 1967: 3,557,800
AFDC recipient children budgeted for FY 1972: 7,895,000.

In presenting the 1967 welfare amendments to the House, Ways and Means Committee Chairman Wilbur Mills stated: "We sincerely mean for the states to reduce these rolls as fast as they can train these people to work."

Mr. Mills referred to the 1962 amendments, passed at the behest of the President and his Secretary of HEW: "We were told at the time that these provisions would result in a downturn in expenditures [in public assistance grants]. But actually there was a sharp increase -- from $2.5 to $4.5 billion." He added:

"I am sure it is not generally known that about 4 or 5 years hence when we get to the fiscal year 1972, the figure will have risen by $2.2 billion to an amount of $6,731,000,000." (Congressional Record, August 17, 1967, pp. H 10668-69)

As it turned out, the appropriation for FY 1972 amounts to $11,411,693,000, which means that the 5-year growth (1967 to 1972) totalled $6.7 billion rather than $2.2 billion, although virtually all of the changes proposed in 1967 were enacted and carried out. Only the "freeze" of the AFDC rolls at the then prevailing percentage of the entire young population (under 18 years) in each state, though approved, was postponed and finally rescinded. The freeze, devised in the Ways and Means Committee but opposed by the Administration, was a crude device, adopted in frustration and near-desperation, which would have placed the muzzle on the wrong horse. Most states need not be restrained. They have not been pushing for and causing the welfare expansion. In fact, many states over the years have repeatedly been trying to adopt restraints on AFDC. But they were enjoined from enforcing or continuing them by federal administrators in the Dept. of HEW, under federal law, by administrative fiat, or by courts

interpreting statutory or departmental rules. If states and communities had been permitted to exercise their own judgment -- according to the wishes of their citizens -- the AFDC explosion would never have occurred. It is an ironic comment that ADC grew at a moderate rate during its first 25 years and began skyrocketing only when the Congress tried to arrest or restrain its then modest growth. Increases in AFDC rolls averaged 120,000 in the program's first 25 years (1936-61), and 700,000 in each of the past 10 years (1961-71). This suggests that the changes which Congress ordered, mostly at the request of the Administration then in power, had the opposite effect of what Administration witnesses predicted they would have. To what an extent this outcome was the result of deliberate action on the part of federal, state and local administrators and welfare workers, who were determined to carry out the announced programs of the social work profession rather than the intent of Congress, is purely speculative. But it may be well to keep this experience of the past 10 years in mind at a time when proposals are under consideration which parallel so closely the measures recommended and adopted in 1962 and 1967.

The spectacular growth in the ADC rolls did not take place among the categories which Congress had in mind when it approved the program in 1935: children of deceased and incapacitated workers. It was entirely among children whose fathers were "absent from the home." In the beginning, and for many years afterwards, the number of ADC children with absent fathers increased slowly. It reached 334,000 in 1946, jumped to 818,000 by 1950, then remained steady until 1953, took off and reached 1,658,000 in

That was the year when Congress first took action, intended to remove a father's incentive to leave home in order to put his family on welfare; it was the year when measures were first adopted to turn welfare mothers into working mothers; it was also the year when the spectacular increase began in fathers "absent from the home." By 1967 there were a million more children on AFDC whose father was "absent" -- 2.6 million altogether -- and Congress adopted a stronger and more comprehensive program to put their fathers and mothers into jobs. But in 1969 there were 3.5 million children with "absent fathers," and their number may be estimated at 5.5 million in 1970.

Something has gone wrong, very wrong, and should be studied in greater detail because of its implications for the likely results of current plans.

The "Unemployed Fathers" Program and Other AFDC Reforms in the 1960s

The most forceful and telling charge against ADC in the 1950s, and the most widely repeated, was that the program tended to break up families. A man without a job who for some reason or other was not getting unemployment compensation could make his family eligible for ADC benefits only by leaving it, because death, incapacity or absence from the home of the normal breadwinner were the required criteria for admission to the rolls. Unemployed men and their families might be eligible for General Assistance but those programs are wholly state-local financed and subject to restrictions in most locations. Federally matchable ADC grants are much more attractive.

If the man or woman did not know how to get on the ADC rolls, their social worker would tell them. "Caseworkers who are caught up in the child's need, or what

they regard as the mothers' best interests, on occasion advise women to get rid of their men," wrote an HEW official.[1] It is obviously an intolerable situation when a governmental program offers an inducement for anti-social behavior. ADC rolls of children with absent fathers had climbed from 257,000 in 1945 to 1,493,000 in 1960.

In February 1961 President Kennedy recommended that needy children of unemployed fathers be included in ADC and his Secretary of HEW testified:

> H. R. 3865 would eliminate one of the major concerns that has been expressed through the years about the aid to dependent children program -- namely, that unemployed fathers are forced to desert their families in order that their families may receive aid. Under existing law aid is available to children deprived of parental support by the death, absence, or incapacity of a parent, but not when the parent is able-bodied and unemployed. The inclusion of unemployment of the parent as a basis of eligibility would eliminate this long-standing problem. (Hearings, Extended Unemployment Compensation, Ways and Means Committee, House, February 1961, p. 95.)

The change was quickly enacted, at first for 14 months, extended for five years in 1962, and made permanent in 1967.

No longer did a father have to desert his family to make it eligible for ADC -- he only had to be unemployed. So we might expect that the incidence of desertion and family breakup would have diminished from 1961 on, at least in the states which adopted the new AFDC-UF program. The record shows, however, as I mentioned earlier, that fathers continued to leave home and their children wound up on AFDC rolls at an increasing rate. But the most significant fact is that this trend was far more pronounced in the states that included unemployed fathers in AFDC than in those that did not.

If we divide the states into those operating AFDC-UF programs and those that do not, we find that the number of AFDC children increased between 1960 and March

---

[1] Alvin L. Schorr, "ADC-What Direction?", Child Welfare, Dept. of HEW, February 1962.

1971:

In the 24 states where children of unemployed fathers are not eligible
by 1,354,000 children = 133%

In the 26 states where children of unemployed fathers are eligible
(not counting children on the rolls for reason of father's unemployment)
by 3,107,000 children = 229%

Evidence suggests that fathers left their families in larger numbers and at an accelerated rate in the states where unemployment made their families eligible for AFDC. The reason is not hard to find: an unemployed father can, if he so choses, continue to live with his family and subsist on AFDC. But a man may do financially better if he leaves his family to go on AFDC -- and makes his living elsewhere. In other words: AFDC plus a wage are better than AFDC alone. It has been suggested to correct this situation by subsidizing low-wage earners so they would not find desertion attractive. But it would still be more lucrative to put the family on AFDC (or FAP) and keep whatever wage he can earn by working, than to stay with his family and be permitted to keep one-third or one-half of his wages. I shall discuss this in greater detail later on in connection with pending proposals on FAP for the working poor under H. R. 1.

Unemployed fathers accounted for only 8% of the increase in AFDC rolls between the 1958 and 1969 AFDC surveys. No less than 84% of the intervening growth was due to fathers absent from the home, a mere 4% to death or incapacity of the father:

Status of Fathers in AFDC Families 1958 and 1969

		1958	1969	Increase	Percent	Percent of Increase
Father:	dead	82,092	89,700	7,608	+ 9%	1%
	incapacitated	162,621	190,700	28,079	+ 17	3
	unemployed	-	75,500	75,500	-	8
	absent from home	487,515	1,228,900	741,385	+152	84
	other	13,060	45,500	32,440	+249%	4%
		745,288	1,630,300	885,012	+119%	100%

Source: Dept. of HEW, Characteristics of Families Receiving AFDC, Nov-Dec 1961, April 1963.
Dept. of HEW, Findings of the 1969 AFDC Study, December 1970.

Of the increase among absent fathers, 39% was due to divorce or separation, 17% to desertion and 41% to the fact that the father was never married to the mother.

It is apparent that the AFDC-UF program, that had long been demanded and was held out to offer a solution to the "absent father" problem proved to be ineffective. Nor were results impressive of other reforms introduced between 1962 and 1967 to make welfare families self-supporting.

The main purpose of the 1962 welfare amendments, as stated by the committees of both Houses recommending them, was to reverse the trend toward ever higher AFDC rolls and expenditures by helping needy families to attain independence. The theme of President Kennedy's message was "rehabilitation instead of relief."

The federal share of the cost of training for employment and self-support was raised from 50% (authorized in 1956) to 75%. Federal matching was made available for community work and training programs, states were permitted to disregard certain earned income of children, AFDC-UF was denied to a parent who refused to accept

training or a job without good cause, funds were earmarked for children's day care, etc.

Occupational training programs were vastly expanded under the Manpower Development and Training Act of 1962: about a million persons -- 83% of them unemployed for an average of 3-4 months, 42% of them women, 39% of them nonwhite -- have participated in institutional training, half a million persons underwent on-the-job training over the past 9 years, others went through the Neighborhood Youth Corps, Operation Main Stream, Concentrated Employment Program, J.O.B.S., and others. Outlays have been steadily rising and exceed $1.5 billion in the current year.

Reports on the results of these training programs are conflicting. They were successful mostly when the participants were well selected so as to get the best prospects -- when unemployment rolls were "creamed" -- and where trainees exerted strong efforts of their own toward skills and jobs. Program impact on welfare recipients was minimal -- as the ever-expanding rolls suggest.

When the 1962 provisions proved to be disappointing, amendments were shaped in 1967 so as to strengthen them. States were now required -- not just encouraged -- to conduct training programs for case workers; welfare departments now had to refer AFDC recipients and their relatives with a work potential to the Department of Labor for training or employment; trainees were given $30 a month; to offer a work incentive, the first $30 of earned income plus one-third of the remainder had to be disregarded for computing assistance benefits; procedures were tightened for the location of absent fathers, etc.

At that time the War on Poverty was in full swing. On signing the Economic

Opportunity Act of 1964, President Johnson had issued a statement:

> We are not content to accept the endless growth of relief or welfare rolls. We want to offer the forgotten fifth of our people opportunity and not doles. This is what this measure does for our times.
>
> * * * * *
>
> The days of the dole in our country are numbered. I firmly believe that as of this moment a new day of opportunity is dawning and a new era of progress is opening for us all.

Many billions of dollars have since been expended under the Economic Opportunity Act, the number of persons below the official poverty level was cut by one third -- though largely not by the "opportunity and independence" route. The "endless growth of relief and welfare rolls" which President Johnson criticized in 1964 speeded up to an unprecedented pace, doubling the number of persons on relief. We are left to wonder -- if "the days of the dole in our country are numbered," what is that number?

The Absent Father

From time immemorial, nearly everywhere on the face of the earth, the father has been regarded as the breadwinner, the provider of the necessities of life for his children. His death or incapacity almost always meant disaster, or at least misery, for his family. This is why the Bible and other great books time and again called attention to the plight of orphans and widows, heaped praise on compassionate men who would extend charity to them.

It was the children of dead or incapacitated fathers whom Congress had in mind when in 1935, without debate and as a matter of course, it adopted the Aid to Dependent Children program. But few of those children are left on AFDC rolls at this time,

probably no more than 14% of the total. Absence of the father who defaults on his support responsibility is now the main cause of AFDC dependency. It accounted for 75.4% of all cases at the time of the 1969 survey and may now be responsible for over 78%. This is a phenomenon without parallel or precedence. "Throughout most of history," Daniel P. Moynihan wrote, "a man who deserted his children pretty much ensured that they would starve, or near to it, if he was not brought back, and that he would be horsewhipped if he were."[1] "The poor of the United States," Mr. Moynihan said earlier, "today enjoy a quite unprecedented de facto freedom to abandon their children in the certain knowledge that society will care for them and, what is more, in a state such as New York, to care for them by quite decent standards."

While at some time it could have been said that expanding ADC rolls were caused by the growing incidence of family breakdown -- separation, divorce, desertion, illegitimacy -- it is becoming increasingly clear that ADC itself is a major cause of family breakdown because it offers economic incentives, not otherwise available.

The existence and generosity of the AFDC program, and concomitant failure to hold the father responsible, undoubtedly account for much of the spectacular growth in the number of absent fathers during the 1960s. Between December 1960 and December 1970 the number of AFDC families grew from 803,000 to 2,553,000, that is, by 1,750,000, of whom an estimated 1,435,000 were in the "absent father" category. During the same period, the number of female-headed families in the general population increased by 1,410,000. In statistical terms then, the entire increase in female-

---

[1] Daniel P. Moynihan, "The Crises in Welfare," The Public Interest, Winter 1968.

headed families in the United States during the 1960s wound up on the AFDC rolls.

This does of course not mean that all families that split in the 1960s went on AFDC. There were 4.8 million divorces during the 1960s, involving 6.6 million children. Many of the divorcees remarried,[1] receive alimony from their former husbands, or work. Also, 37% of the absent fathers were never married to the mother.

There were in March 1970	5,582,000	female-headed families in the United States
	2,217,000	of those families were childless, which leaves
	3,365,000	female headed families with 8 million children under 18

Female-headed Families with Children under 18, in March 1970:

930,000	headed by widows
2,235,000	headed by women, separated or divorced
200,000	headed by women never married
3,365,000	

AFDC rolls totalled	2,023,000	cases in March 1970, of which
	96,000	were AFDC-UF cases, which leaves
	1,927,000	cases where the father was dead, incapacitated or absent

Source: Bureau of the Census, Current Population Reports, P-23, #37; Monthly Labor Review, December 1970; Public Assistance Statistics, Dept. of HEW.

We may estimate that in 1,465,000 AFDC cases, the father was absent. This suggests that of 2,435,000 families with children, headed by women who were divorced, separated or never married, 60% were on AFDC rolls. The other 40% of those families were supported by the father, the mother, or both.

It seems that for families below the top two-fifths of the socio-economic scale, family breakup usually means AFDC dependency. It also suggests that for about half of

---

[1]One-half of the divorced women remarry within 3 years: Bureau of the Census, Current Population Reports, P-23, #32.

all fathers, family breakup means liberation from having to devote a sizeable share of their earnings to the support of their families; they are free to shift the burden unto the backs of all others, the families that stay together, and the fathers -- and mothers -- who work to support their children after divorce or separation.

This may go a long way to explain the phenomenon that during the 1960s, while the number of male-headed families grew 12%, the female-headed familes grew 34%.[2] What may be even more significant: the number of children under 18 in male-headed families grew 6%, in female-headed families 55%. Children in female-headed families increased by 2,859,000 between 1960 and 1970; the number of AFDC children grew 4,664,000, of whom about 3.7 million were on the rolls because their father was absent from the home. This suggests that going on AFDC has become standard operating procedure among 60% of the families which break up, and among most families in the lower half of the income ladder.

That the AFDC program was causing many fathers to leave home had long been charged and was the most often repeated and decisive argument in the drive to include unemployed fathers in ADC, which succeeded in 1961.

It is now evident that AFDC-UF did not do the job it was expected to do. Nor could it. AFDC offers an attractive alternative to a man with a low earnings potential who may not make as much as AFDC would pay. This is now proposed to be corrected by subsidies

---

2

Families by Sex of Head

	1960	1970	Increase	Percent
Male-headed	40,829,000	45,657,000	4,828,000	+ 12%
Female-headed	4,172,000	5,582,000	1,410,000	+ 34%
All families	45,001,000	51,239,000	6,238,000	+ 14%

Source: Bureau of the Census, Current Population Reports, P-23, No. 37.

to the "working poor." But no combination of benefits or carnings and benefits can alter the fact that a man can still maximize his and his family's income by desertion: he can then keep whatever he earns -- instead of only one-third, as he would under plans in H. R. 1 -- and let his family be supported by AFDC. This can be corrected only by direct action against the absent father -- action that is today sporadic or nonexistent.

The father's responsibility for the support of his children is established under the statutes of each state and there are many state and federal provisions aimed at aiding enforcement against fathers who default and let their families go on AFDC. The applicant for AFDC is supposed to provide the necessary information to the welfare agency, which in turn must inform law enforcement officials, who cooperate nationally under the Reciprocal Enforcement of Support Act that has been on the books of all states since the 1950s. But the law has remained largely on paper. The whereabouts of more than half the absent AFDC fathers is "unknown," one-fourth are known to live in the same county as their abandoned family, most of the rest in other counties or states.

Private tracing companies have, on the whole, been successful in running down four-fifths or more of the deadbeats who skip town. Even better results should be possible with the help of all the information and power in the hands of government agencies.

As it is, six out of every seven AFDC absent fathers contribute nothing toward the support of their children, and the seventh man pays, on the average, $72 a month. In May 1971 a family's monthly AFDC grant averaged $183.75. Three out of four absent but paying fathers send less than $100 per month; only 3% pay $200 or more.

Why is this so? Because there is little interest in carrying out the law on the

part of the parties expected to cooperate and enforce it. The AFDC mother, whether married to her child's father or not, whether she had agreed in advance to the separation or divorce -- or had asked for or demanded it -- or not, usually prefers getting a dependable monthly check from AFDC rather than having to wait, often in vain, for a smaller check from the children's father. In many cases she is now getting more money from the government than she ever did from him. Why should she help to locate, apprehend and prosecute him? It is a lot easier and much less trouble to get money from AFDC than out of a recalcitrant man.

Welfare agencies and social workers hold that their loyalty belongs to the needy family, not to the taxpayer. They view the task of going after the absent father with distaste, as long as his family is taken care of by the government. So, they avoid it.

Nor is there much glory in this unpleasant task for a district attorney and other state and local officials. Aside from an occasional crash action by an ambitious D.A., an absent father can usually feel quite safe from the reach of the law.

An absent father -- average age now 37 -- having abandoned his support responsibility may take a job elsewhere and start a new family. Many, however, especially those with little propensity for work and low earning capacity, prefer to move in with another AFDC mother and live off her grant, at least for 9 or 10 months, when his own child is born and he swaps girl friends with another man. There could be half a million or more men who thus benefit from AFDC although they are not listed on the rolls. The number of adult AFDC recipients is probably substantially understated in official statistics.

Several of the states tried to defend themselves through "man in the home" or "suitable home" rules and by unannounced inspection visits. But those practices were

forbidden by the Dept. of HEW and the courts, leaving welfare rolls wide open. That explains to a large extent the appalling incidence of family breakdown among low-income Negro families, which D. P. Moynihan described in a famous report a few years ago. Negroes account for 11% of the U. S. population but for one-fourth of the female-headed households. This is not unrelated to the fact that half the AFDC families are black.

How prophetic Franklin Roosevelt's warning now sounds that "continued dependence upon relief induces a spiritual and moral disintegration, fundamentally destructive to the national fibre."

Family Status of Absent AFDC Fathers in 1961 and 1969

	1961		1969		Increase	
	(000)	Percent	(000)	Percent	(000)	Percent
Divorced or legally separated	120.9	20%	268.7	22%	147.8	+ 122%
Separated w/o decree	72.7	12	177.6	14	104.9	+ 144
Deserted	164.7	28	258.9	21	94.2	+ 57
Not married to mother	188.6	32	454.9	37	266.3	+ 141
In prison	37.5	7	42.0	4	4.5	+ 12
Other	5.7	1	26.8	2	21.1	+ 370
Total	590.1	100%	1228.9	100%	638.8	+ 108%

Source: Dept. of HEW: 1961 and 1969 AFDC Surveys

There were in 1969 714,000 families on AFDC where the father had deserted or never been married to the mother and 446,000 where he was separated or divorced, for a total of almost 1.2 million. By 1971 there may be close to 2 million men who let the taxpayers foot the bill for their children and wives or girl friends. Assuming that the unemployment rate among them is three times the general rate, or about 20%, that still leaves 80% or over 1-1/2 million fathers who should and could contribute. But

only 14% do, most of them very little.

Can absent fathers be made to live up to their support responsibility? At this point probably only through federal action. For over twenty years bills have been introduced to make nonsupport a federal offense. This is also proposed in H. R. 1 (Sec. 2176) if the father resides in another state. But only 10% of the absent fathers are known to be in other states. With large amounts of federal money involved in AFDC -- and any conceivable successor program -- there seems to be no reason why non-support should not be made a federal offense regardless of the father's residence. Moreover the resources of several federal agencies would become available to locate absent fathers and collect from them, by garnishment, or otherwise.

To be sure, federal law enforcement, social security and Internal Revenue officials have displayed no more enthusiasm for the job than their counterparts at state and local levels. But they should obey a congressional mandate.

It has correctly been said that to put a father in jail does not give his family much money. But imposition of a prison sentence on non-supporting fathers, suspended during "good behavior," might work wonders -- even on fathers who are now merely thinking about disappearing or who have not yet been found.

It is undoubtedly true that many men, particularly those who possess few if any skills, have difficulty in landing and keeping a job, especially in a tight market. But individual effort appears to play a significant role in this. Married men (20 to 64) living with their wives had an unemployment rate of 2.9% in November 1971, divorced, separated and widowed men of 6.3%, and single men of 9.9%. This is not due to em-

ployers' discrimination against single men. But men who live with their families and are aware of their responsibilities hang on to a job more tenaciously (even if they don't like it), don't quit until they have another job, and if they are laid off, search more intensely for new employment. This may be the major reason why men who have no, or don't live with, their families have two to three times as high an unemployment rate.

When New York in July 1971 required relief claimants to pick up their checks at an employment center, about one-fifth failed to show up. This suggests, at least, that work opportunities are more flexible than is widely believed and depend, at least partially, on the individual -- how badly he needs and wants a job.

Fathers who claim to be without income and unable to land a job might be placed on public maintenance or cleanup work on subsistence pay, with the balance of the wage equivalent applied to the support of their families or illegitimate children.

In fairness to the millions of fathers who work to support their families and are presently forced to pay for the children -- and abandoned wives and girl friends -- of other men who preferred to skip, enforcement of support responsibility should rank high priority on any program of family assistance. It would, at least, give taxpayers the assurance that they are not left to hold the bag for deadbeats.

To locate an absent father and proceed against him is usually impossible without the cooperation of the mother. How can such cooperation be obtained from a woman who for good reason prefers an AFDC check? By making the alternative uncomfortable. She should be denied welfare benefits -- or be made to work to support her children, even if the only job she can hold is cumbersome, menial and low-paid, unless she

helps in making the father pay.

The Nonworking Mother

The father, if present in the home, is still regarded the head of the family, and, unless incapacitated, he is almost always the breadwinner. But mother has increasingly been pitching in. This is part of a secular trend that has pushed the female sector of the labor force from 18.8% in 1900 to 22.0% in 1930, to 28.8% in 1950, to 32.3% in 1960, to 37.7% in 1971. As domestic chores eased with wider use of, and technological improvement in, household appliances and the availability of convenience foods, and as sex discrimination faded from the scene, labor force participation among women climbed from 33.9% in 1950 to 37.8% in 1960 and to 44.3% in November 1971. The upward trend shows no signs of weakening and we may have a long ways to go, considering that in the Soviet Union nearly 80% of the women are gainfully employed.

Two-fifths of married women work if their husband is around, more than half if he is absent, and nearly three-fourths if they are divorced. Presence of children does make a difference: 42% of married women with husbands present work if there are no children under 18, 49% if there are children 6 to 17 years old, and 30% if they have children under 6 years. It is significant to note that women work outside the home more often if they have children between 6 and 17 than if they don't.

That wives are the more likely to take an outside job the lower their husbands' wages are, is not confirmed by evidence. Forty-six percent of the women work if their husband's income runs between $5,000 and $10,000, 41% if it is between $3,000 and $5,000 and only 35% if it amounts to less than $3,000. If the husband makes $10,000

or more, however, 36% of the wives work.

During the 1960s the number of children with mothers in the labor force grew from 16 million to nearly 26 million.[1] The sharpest increase took place among mothers of children under 6 years, whose labor force participation jumped from 20% to 30% in the 1960s, compared with a rise from 43% to 51% among mothers with children between 6 and 17 years. But the 1960s were also the decade when the number of AFDC recipient children jumped from 2.4 million to 7 million.

If some of these trends appear conflicting, a few additional facts may help to throw light on the situation. As I mentioned earlier, women with husbands in the lowest income bracket (under $3,000) also have the lowest labor force participation rate -- contrary to what is widely assumed to be the case.

Reasons are not hard to find. Husbands and wives tend to come from comparable socio-economic backgrounds and, on the average, to differ not very widely in regard to intelligence, drive and other characteristics related to the type of job they can hold. Men and women with low productive capacity and therefore usually low earnings have been finding work less attractive in recent years, as welfare benefits became more easily available and compared favorably with potential earnings. When the difference becomes substantial enough, father moves elsewhere -- actually or "pro forma" -- and keeps his wages; mother and children go on AFDC.

AFDC mothers have an extremely low occupational background. Among those

---

[1] Most of the statistics are taken from population surveys by the Bureau of the Census and labor force surveys of the Bureau of Labor Statistics. Particularly helpful were: Elizabeth Waldman and Kathryn R. Gover, "Children of Women in the Working Force," Monthly Labor Review, July 1970; Elizabeth Waldman and Anne M. Young, "Marital and Family Characteristics of Workers, March 1970," Monthly Labor Review, March 1971; and Robert L. Stein, "The Economic Status of Families Headed by Women," Monthly Labor Review, December 1970.

who were previously employed and whose occupation is known, nearly four-fifths had been in unskilled jobs -- more than half of all in household and other service work -- less than a fifth in semi-skilled trades and only 2% in skilled vocations. This contrasts with the general female labor force, of which one-fifth is in the skilled fields, over one-half in semi-skilled callings and only one-fourth in unskilled jobs.

Not surprisingly, AFDC mothers have a far lower educational background than other women, and consequently lower earnings -- if they work at all. Female workers in the general labor force earned an average $295 a month during 1969, and women who worked full time, year-round, $422. In contrast, 86% of the AFDC mothers had no earnings during 1969, 8% made less than $200 a month, a mere 2% netted $300 or more.

This means, that women who possess a low earning capacity -- because of low intelligence or low drive or both -- and who therefore have acquired little education and few, if any, skills, are prone to shun employment which is likely to pay them little more than welfare, if any, and in many cases less. An account of a meeting of welfare mothers in Palo Alto, California, where I live, was captioned "Economic necessity forces E. Palo Alto moms to take welfare instead of jobs." (Palo Alto Times, Feb. 8, 1968) It recorded the reports of a number of AFDC recipient mothers that they were doing financially better on welfare than they would by taking jobs offered to them.

Rather than work at the type of job they can perform -- which is often of a character referred to as "menial" -- and offers them little additional income, if any, mothers with low productive capacity join the new leisure class and go on welfare. This is a perfectly reasonable choice for which they can hardly be blamed. Intensive

attempts at training welfare mothers for higher occupational skills have yielded insignificant results in terms of lasting well-paid jobs.

The inclusion of adults in grants has made AFDC financially more attractive. One adult in each family first became eligible for ADC benefits in 1950 -- previously only the children counted -- and about half a million mothers joined the rolls. In 1961 a second adult -- an unemployed father -- could be granted benefits, and in 1971 there are 2.8 million adult recipients on AFDC rolls. This does not include an undetermined number of men -- which could be half a million and possibly as many as a million -- who live off their girl friends' welfare checks, partially or wholly, whether they have actually moved in with the family or not.

The single largest cause of AFDC dependency is illegitimacy -- a father not married to the mother. Over the past three decades the number of illegitimate births has increased ten times as fast as the number of legitimate births -- a 279% rise for illegitimate births vs. 28% for legitimate births between 1940 and 1968. Illegitimacy rates inched up in earlier periods, from 3.5% of all births in 1940 to 3.9% in 1950 and 5.1% in 1960, then jumped to 9.7% by 1968.

What may even be more significant: the number of illegitimate births increased between the 1940/44 average and 1968:

141% among girls 15 to 19 years old
354% among women between 25 and 34
303% among women between 35 and 39[1]

This suggests that the increase in illegitimate births is not so much a result of ignorance, youthful indiscretion or unconcern among teenagers as the action of persons old

---

[1]Bureau of the Census, Current Population Reports, Series P-23, #36.

enough to know what they are doing. It is an interesting phenomenon that Florence Crittendon homes for pregnant girls, which used to be crowded, have in recent years been running at a low occupancy rate and that the percentage of unmarried mothers who bring up their own infants that used to run at 10% to 20% only five years ago has jumped to about 50%, according to a report in TIME (September 6, 1971, p. 48).

Of course, the illegitimacy rise extends far beyond the welfare rolls and was not caused by AFDC. But the easy availability and attractiveness of benefits has not escaped widespread attention and probably contributed to the spectacular increase.

It has been said that no woman would have a baby just to get an average $30 to $40 a month, less in some states, up to $60 in others. But let us consider the situation of a man and his girl friend, both of whom dislike work, or at least the type of work open to them. They can get nothing from AFDC -- nor from FAP if H. R. 1 is enacted as it stands. But if they produce a baby they make themselves eligible for $166 a month under FAP (plus medical and various other benefits), for $233 if they have 3 children. That may not seem much by middle-class standards but it is a lot more than what many young couples live on, particularly those of the hippie type who display a strong disdain for regular work.

Or, let us take a young girl in an AFDC family with many children. She has never had her hand on much cash nor standing in her family. But a baby of her own will give her a regular monthly check and independence -- with men competing to move in with her.

A man may normally have some concern about getting a girl pregnant because of

the consequences to her and to him. But he won't, if he knows that he not only will not have to accept financial responsibility but that a child will enable her to get a dependable monthly income from the government. As long as having the first illegitimate baby is rewarded with a monthly support check for mother and child, and the bonus is raised with every additional offspring, there is no hope that present trends will change for the better. As so often, we are putting a premium on undesirable, anti-social behavior. Further deterioration in the illegitimacy situation is inevitable until parental responsibility is defined and strictly enforced against both, father and mother. This may require a federal child support law with real teeth.

Do expenses for an additional child not exceed the $30 to $40 which an AFDC family gets for it, on the average? Not necessarily, at least in the beginning. With all the complaints about the inadequacy of welfare grants, the use of drugs and liquor happens to be most widespread in poverty areas, and much of the money to buy them comes from poverty programs, including public assistance grants.

It is a well known phenomenon that the lower a family's income is, the more children it tends to have. This does not suggest that welfare grants per child are too low. The long-range implications of a faster rate of growth among the lowest socio-economic group with the poorest endowment in intelligence, drive, motivation, responsibility, discipline or desirable characteristics, aside from the inevitable environmental influences, need not be spelled out.

An AFDC mother's median age is 32, an age when nearly half the women in the general population are gainfully employed. But only 7.5% of the AFDC mothers are working full-time, 5.8% part-time, for a total of 13.3%. Another 12% are reported to

be actively seeking work, enrolled in a work or training program, or waiting to be enrolled -- a total that may be taken with a grain of salt.

More than one-third of the AFDC mothers are claimed to be "needed in home full-time." That percentage varies widely among the states -- e.g., 4.9% in Florida, 15.7% in Texas, 25.0% in Louisiana, 29.0% in Georgia -- but 56.3% in New York, 55.3% in Massachusetts, 55.0% in Pennsylvania. This suggests that the listed percentages express local administrative policy more than the actual situation in each family which could hardly vary so sharply among the states.

It is widely claimed that unavailability of day-care facilities prevents many AFDC mothers from working. The record shows, however, that day-care centers have never been used by more than a small percentage of the children of working mothers. Supervision by relatives and neighbors is the most favored and prevailing practice.

Even in World War II when 3,000 day-care centers were built under the Lanham Act, only 11% of the working mothers relied on them. Most mothers preferred relatives, older children, or neighbors.

Few statistics exist on child-care arrangements of working mothers. A survey by the Children's Bureau in 1965 found that 46% of those children are cared for in the child's own home, mostly by relatives, 15% in someone else's home, only 2% in day-care centers.[1] Fifteen million mothers held jobs outside their homes in 1970 though licensed day-care centers have an estimated capacity of only 750,000 children.

There is not a shred of evidence to sustain a claim that children are harmed

---

[1] Child Care Arrangements of the Nation's Working Mothers, Departments of HEW and Labor, 1965. Other surveys have reported similar findings.

when their mother holds a job. A study by the Child Study Association found:

> There seem to be no studies which show a significant difference between the adjustment of children with mothers who go to work and children with mothers who stay home.
>
> * * *
>
> In the same way, no one has been able to discover any significant differences in how well the two groups of children do at school.[2]

Ben J. Wattenberg and Richard M. Scammon reported in their encyclopedic This U.S.A.,[3] "A Detroit police study has indicated that the rate of juvenile delinquency is lower in homes where the mother of the family works. An educational analysis in Texas has revealed that the children of working mothers are better students, get better grades, than children of non-working mothers."

Employed AFDC mothers, according to a 1969 HEW survey, had their children cared for in their own homes in 46% of the cases, in other homes in 29%, for a combined total of 75% -- 41% by relatives, 34% by non-relatives. Only 7.5% had their children in group (day-care) centers.

A study of AFDC recipients in the WIN program in March 1971 found that two-thirds of the children were taken care of in their own, relatives', or other homes and fewer than 10% in day-care centers.[4]

In the Soviet Union where four-fifths of the women of working age are gainfully employed outside their homes, the babushka (grandmother) is the mainstay of child

[2]Violet Weingarten, The Mother Who Works Outside the Home, Child Study Association of America, 1961, pp. 9-10.

[3]Garden City, N. Y., Doubleday, 1965, p. 183.

[4]NCSS Report E-4, Dept. of HEW Publication No. (SRS) 72-03253.

care. On visiting the huge apartment complexes in Russian cities and nearby parks one can always see many elderly women supervising sizeable groups of children. Only about 10% of the children under the age of two, and 20% between 3 and 7 years are enrolled in nurseries or kindergartens. Two-thirds of the women whose children are in nurseries or kindergartens replied to a 1969 survey that they did so only because they did not have a grandmother or other relative or neighbor to care for them. Fewer than one-third of those who sent their children to nurseries said that they did so because they preferred it.

General and easy availability of day-care centers in American cities would of course facilitate job-holding for many AFDC mothers. But the Community Council of Greater New York prepared a report in August 1971 which pointed out that it is uneconomic to have an unskilled mother go to work at low wages while her children are being taken care of in public child care centers at a cost to the taxpayers of $2,500 per child. It obviously makes no economic sense to have a mother work at a lowly job while her children are meanwhile supervised by college educated, high-skilled and highly paid employees on the public payroll.

This would parallel the trend in other programs in medical care, education, housing, etc. which give persons in the poverty bracket benefits at public, i.e., taxpayers', expense which many middle class or lower middle class working persons cannot afford when they have to foot the bill from their own earnings.

There is no reason why some of our AFDC mothers cannot supervise the offspring of several working mothers in the neighborhood -- and turn this into a regular

job. Much babysitting can also be done on a mutual basis in exchange for other services.

The Department of HEW estimated that centers for all children eligible for day-care services -- including the children of all working mothers and of present welfare recipients -- would call for places for 13 million pre-school children and 26 million school-age children. The annual cost for custodial care for 39 million children would be $25 billion, for developmental care $30.5 billion.[1]

H.R. 1 would authorize an appropriation of $750 million annually for free day-care services for all families with an income under $4,320. A far more liberal child-care program would have been created by S 2007 at an initial annual cost of $2 billion which could eventually have reached $20 billion per year. It was passed by the Congress early in December 1971 but vetoed by the President on December 9. That Child Development Program would have relieved many mothers of much of their child caring chores. Whether it would have caused many of them to work instead of depending on welfare checks appears somewhat doubtful. Its cost would have been disproportionate.

Inability to have her children taken care of during daytime often is not the real reason why an AFDC mother doesn't work. The crucial question is whether she truly wants to take the type of job she can handle at the wage it pays, or would rather be on welfare. Rising AFDC benefits and easy access to the rolls, especially since verification procedures were dropped at the order of the Department of HEW and replaced

---

[1] Family Assistance Act of 1970, Hearings before the Committee on Finance, U. S. Senate, 1970, p. 1017.

by the acceptance on faith of applications ("declarations"), have tipped the scales in favor of welfare.

The basic issue is whether a mother -- as well as any other man or woman -- who lacks qualification for a skilled and well paid job, should be given welfare benefits as a matter of routine, or be compelled, under economic sanction, to accept the type of work he or she has the capacity to handle -- even if it pays low wages and is of a strenuous, cumbersome, inconvenient or "menial" type, such as cleaning, indoors or out. Should he or she be able to insist on accepting only a "suitable" job, whatever that may be for a person with few, if any, occupational skills?

The social work profession holds strongly that no mother should be forced to work outside her home and that the choice should be entirely her own. To make mothers work who would prefer staying home, has been called involuntary servitude and even slavery. So, for many years welfare workers have been following the concepts of their professional leaders and supervisors rather than the intent of Congress and state legislatures. Legislators were told time and again that lower caseloads would enable caseworkers to get more recipients "off the roll." They approved steep increases in the number of welfare department employees, only to find out that this enabled the welfare workers to recruit more recipients.

Last April 19, speaking at the Governors' Conference, President Nixon reported an incident at a welfare hearing when a lady got up and screamed, "Don't talk to us about any of those menial jobs." He then gave his belief:

> If a job puts bread on the table, if it gives you the satisfaction of providing for your children and lets you look everyone else in the eye, I don't think that it is menial.

He then referred to "scrubbing floors, emptying bedpans. My mother used to do that. It is not enjoyable work, but a lot of people do it -- and there is as much dignity in that as there is in any other work to be done in this country, including my own...."

The question is: how is such a policy to be implemented when the employees at the firing line who are supposed to carry it out, don't believe in it and bend it to their own concepts?

Domestic help has been difficult or impossible to obtain for many years, with -- according to some estimates -- several millions of jobs going begging.[1] As a result, millions of our college-educated women cannot use their talents to pursue the professional careers for which they have been trained and must spend much of the rest of their lives as chambermaids, cooks and cleaning women -- to the amusement of foreigners who think that Americans are crazy. They may have a point.

A good case can be made that a woman should have the right to decide whether she wants to work and what type of work at what rate of pay she wants to accept. Most Americans make that decision as a choice between the alternatives available to them. The question is whether between two and four million men and women should continue to be able to make that decision by shifting responsibility for their children's and their own support on to the backs of millions of other Americans who do work.

---

[1] Martin J. Shannon, "Importing of Maids Swells as U.S. Girls Shun Domestic Work," Wall Street Journal, November 9, 1966. Foreign supply has since been cut off by the Department of Labor. Also: Myra MacPherson, "The Diminishing Domestic," Washington Post, January 13, 1970.

The Family Assistance Plan -- Reform or Road to Ruin?

That AFDC is an abject failure and beyond repair is now generally agreed, and admitted even by many of its former admirers and protagonists. Born in obscurity and without much public attention in 1935, ADC served its intended purposes well for some years, and became the social welfare profession's most cherished program, the prime recipient of its T. L. C. But it has since become so distorted, socially destructive and bitterly controversial that it has outlived its usefulness and must now be replaced.

Congress has struggled with AFDC for the past 15 years -- since the 1956 amendments -- trying to make it fair to all concerned while keeping its growth propensity within reasonable limits. It failed on both accounts.

While the number of ADC children was the same in 1955 as it had been in 1950, it doubled during the succeeding 10 years, then more than doubled again in the next five years. Between 1956 and 1971 (May) the number of AFDC children multiplied 4.3 times, an increase of 332%, while the country's under-18 population grew only 24%. AFDC membership went from 3% of all children to over 10%.

From one million ADC children with an "absent" father -- who had either left the mother or never been married to her -- in 1956, their total soared to well over 5 million now. To many of them AFDC undoubtedly was a lifesaver. Others -- nobody knows how many -- would not be in a fatherless home, if it had not been for AFDC which offers a bonus to a father for leaving his family or for not marrying his children's mother.

Since 1956 Congress has been trying with increasing intensity to guide, aid, in-

duce or force ADC adults and their older children on the path to self-support through work. Year after year, it expressed its expectation that newly adopted amendments would help gradually reduce welfare dependency, as had been promised by the various plans' proponents. But the promises went unredeemed.

In his message of August 11, 1969 (which I cited at the beginning of this paper) and subsequent statements, President Nixon declared that the goal that had been sought for so many years would now be accomplished by the Family Assistance Plan (FAP) and Opportunities for Families (OFF): from welfare to workfare.

HEW Secretary Richardson told this committee on July 29: "...we are convinced that the actual caseloads under H.R. 1, over time, will be smaller than under the rapidly growing and uncontrolled AFDC program" (Hearings, p. 37) and the Ways and Means Committee reported to the House:

> ...it is reasonable to expect that almost half of the AFDC mothers can be moved into regular employment with training, child care, and concentrated employment efforts.... It is assumed by your committee that large numbers of recipients can be placed directly in jobs, and that extensive "employability" plans will be necessary only for more difficult cases.... Your committee believes that many of the provisions contained in this bill will reduce the number of families which are eligible for assistance and slow down the rate of growth of those which are receiving assistance.... (House Report No. 92-231, pp. 166, 169, 217)

These statements closely parallel predictions which the Ways and Means Committee, the appropriations committees and others had made repeatedly over the past 15 years. Do we have reason to expect that H.R. 1 will succeed where all of its predecessors failed?

The number of AFDC recipients multiplied five times in the last 15 years,

doubled just in the past four years. FAP would double that again, from FY 1972 to FY 1973, by federalizing AFDC, guaranteeing a national minimum of $2400 to a family of four with no other income, and, for the first time, making persons eligible for governmental subsidation who work full time for low wages.

Past experience suggests that once large groups have become accustomed to receiving regular governmental payments, they will stay on the rolls, and can permanently be removed only under rare circumstances. It is the first step, the enactment of a program, that is decisive. Benefits tend to become more generous as time goes on and the numbers multiply.

The Department of HEW, however, has projected a gradual decline in FAP recipients in later years. That expectation is based on two features of the FAP-OFF plan: work incentives and work requirement. Both have been tried before and produced little.

To be sure, H. R. 1 provisions, as passed by the House, are tighter than AFDC rules have been since 1967 and more sophisticated. But they are based on the same assumptions and principles and cannot overcome the inherent and insuperable conflict between offering an adequate monetary incentive and keeping the number of beneficiaries and program costs within acceptable limits.

In 1967, HEW Secretary Gardner testified before this committee:

> We believe that with the universal existence of work training programs and day care arrangements so wisely provided in the House bill, plus the $20 incentive payments provided in the administration proposals plus the prospect of reasonable income exemptions, a very high percentage of mothers will want to be trained and will want to go to work." (Hearings, Social Security Amendments, 1967, p. 215)

But only about one AFDC mother in eight is employed, a figure that has not changed significantly since the 1950s. If an increasing number of welfare mothers have quit public assistance to take jobs, the AFDC rolls certainly do not show it.

The 1967 work incentive program, administered by the Department of Labor, ordered state welfare agencies to refer for work or training projects all "appropriate" AFDC recipients, that is, all except those specifically excluded by law. "Appropriate" recipients who refused to participate could be dropped from the rolls or be subjected to other penalties. But that compulsory work requirement remained largely unenforced.

Persons with a low income potential were offered an incentive to <u>earn</u> at least part of their subsistence: they could keep the first $30 a month plus one-third of all additional earnings by an adult, and most wages of children. Those amounts were disregarded in computing monthly assistance grants. As it turned out, the prospect of being able to keep one-third of their wages did not lure many welfare recipients into working.

H. R. 1 would strengthen incentives and the Department of HEW assured your committee: "Under the provisions of Title IV of H. R. 1, no family, either male-headed or female-headed, could be financially better off by not working than it would by working." (<u>1971 Hearings</u>, p. 109)

H. R. 1 proposes to double the earnings disregard to $720 per annum, to offset expenses caused by working. There are, in fact, 10 types of earnings disregards which can total up to $2,000 for a family of four, and up to $3,000 for a family of more than 8 persons. But the decisive incentive remained unchanged: FAP will disregard one-third of a recipients's earnings; the other two-thirds will be deducted from his welfare benefits.

This means that an FAP recipient will be subject to a 67% income tax on his wages, the same rate that applies to heads of household on taxable income between $120,000 and $140,000. Most people recognize that a taxpayer faced with such an exorbitant tax rate will search for ways to minimize his liability -- and that goes for persons with a $4,000 income as well as for those in the $120,000-and-up brackets. It has been stated that this reasoning does not apply to low-income persons: they are forced to use most or all of their money for necessities of life, so that additional dollars coming in are discretionary money that is eagerly sought after and highly prized.

That rationalization runs afoul of a very simple arithmetic, which is well within the comprehension of most persons: someone who, for example, is paid the present legal minimum wage of $1.60 an hour and can keep only one-third of it, is working for 53 cents an hour net. How many men or women will work for 53 cents an hour -- at a time when it is hard to find people willing to work for several times that rate? The minimum pay permissible under H. R. 1 is actually $1.20 per hour -- so that a person might be called on to work for 40 cents an hour. Few will be willing to do that. Supposing the minimum wage is raised to $2.00 -- that will still leave an FAP recipient with 67 cents per hour which is not enough to get even a child to work for, let alone a grown man or woman.

Alfred and Dorothy Tella have presented the case in a more sophisticated version which was made available to this committee ("The Effect of Three Income Maintenance Programs on Work Effort," Hearings, pp. 493-531). They conclude that "negative tax-type plans of even moderate generosity will have a negative effect on

labor supply. Such plans are likely to result in significant reductions in the work effort of low-income non-aged family heads...." The Tellas found that "both the supplementation of income and the imposition of high marginal tax rates on earnings under a negative income tax could be expected to reduce the annual hours of market work of low-income family workers." They hold that among working female family heads "a considerable portion of reductions in work effort would take the form of complete withdrawal from the labor force."

The adverse impact of a partial offset of earnings by reduced welfare benefits would be only slightly lessened by raising the disregard from 1/3 to 1/2 of the earnings. But the number of recipients would then go up by another 9 million eligibles, from 19 to 28 million persons. If the benefit level were lifted from $2,400 to $3,200 -- and there are proposals pending that would boost it as high as $6,500 -- the number of eligibles (with a 50% earnings disregard) would go up to 42 million, at a $3,600 level to 54 million. That means that one-fourth of the U.S. population would then be "on the dole."

We have so far considered only the impact of FAP grants with a one-third earnings disregard but not certain "fringe" benefits which accrue to FAP recipients, but not to wage earners. Workers pay social security taxes, state and local taxes, and are subject to a higher "deductible" on medicaid benefits. They may also lose their public housing privileges when they start earning wages. Your committee staff has prepared tables which show that to earn a dollar may cost the worker more than a dollar in aggregate benefits. According to those tables (pp. 366-371 of the Hearings), a mother with 3 children in Chicago may lose $1.12 for every dollar earned between

$2,000 and $3,000, $1.28 for every dollar earned between $4,000 and $5,000.

The Department of HEW has taken issue with those tables and underlying concepts. It questions whether social security, and state and local taxes (paid by workers) should be counted or that recipients would consider the impact on potential medicaid benefits when they make a decision on whether to work and how many hours. It is undoubtedly true that some of these computations are beyond the comprehension of some welfare recipients. But we have learned in the past that the National Welfare Rights Organization and similar groups lose little time to enlighten and guide their members and other potential beneficiaries on how to make the most of the opportunities offered by welfare programs.

The chances are that if H. R. 1 were enacted as it stands, it would not only immediately double the number of assistance recipients, but cause the rolls to keep going up at a rapid pace, as fewer people, rather than more, decide to work.

H. R. 1 uses tough language in spelling out mandatory work requirements. It stipulates that every FAP recipient, unless he is in an exempt category, must accept an offered job or undergo training to acquire a marketable skill. So does the present AFDC law, because this is the type of provision that helps to sell Congress, the newspapers and the public on a welfare bill. But -- will it work?

In H. R. 10604 the Congress on December 14 approved, and the President on December 28 signed, essentially the work registration requirements of H. R. 1, making registration for work or training a requirement for the receipt of cash assistance. This clearly expresses the intent of Congress -- and undoubtedly the wishes of the

great majority of the American people -- and places emphasis on where it is needed. But if the income differential between net wages and welfare plus fringe benefits remains small (let alone absent or negative) and/or if an offered job is strenuous, unpleasant, menial, a long distance away, otherwise uncomfortable or disagreeable, or if the man or woman has little, if any, drive or ambition and possesses a distinct dislike for work -- as a small minority of the American people, young or old, probably numbering no more than a few million persons who prefer workless pay do -- they will profit little by training and are unlikely to be hired. Anyone who does not want to be hired can easily make himself unacceptable to the boss or interviewer by slovenly or repulsive appearance, disheveled clothing, by negative or provocative replies or in any of a hundred ways. Should he be hired nevertheless -- or discover only after taking a job that he does not like it -- he will have no difficulty getting himself fired -- by absenteeism, sloppy work, damage to equipment, antagonism toward coworkers or supervisors, by feigning illness or disability, etc. It just goes to prove the old saying that you can lead a horse to the trough but you can't make him drink.

In a review article last summer, Alvin L. Schorr, dean of the Graduate School of Social Work, New York University, demonstrated "Why Enforced Work Won't Work in Welfare."[1] He predicted that if H. R. 1 is adopted it "cannot succeed" and that "we shall be forced to a new debate in three or four years."

Earlier, Irene Cox of the Department of HEW's Social and Rehabilitation Service outlined the reasons why efforts to put welfare mothers into jobs have failed:

---

[1] Saturday Review, June 19, 1971.

> Other studies of AFDC families estimated that from 45 to 55 percent of AFDC mothers are potentially employable because of age, education, and work experience but that barriers to employment are present such as poor health, residence in a poor labor market area, and the presence of young children. They also indicate that most would not earn more than the AFDC payment if employed in occupations for which they could qualify.[1] (emphasis supplied)

There probably is only one way in which a man (or woman) can be made to find and take a job and keep it: to make him want it. No mandatory work requirement can make him do that -- but if the alternative to a job is genuine discomfort, everyone will try to land and hold a job, even though he may not like it.

H. R. 1 would reduce FAP benefits by $800 per annum, = $67 a month, for refusing an offered job. As mentioned before -- nobody really has to refuse a job, he just has to make himself unacceptable. Also, unless many millions of child care center slots are provided, at an annual cost of at least several billions of dollars -- since working mothers presently have 26 million children only 2% to 3% of whom are in child care centers -- a woman can usually find the excuse that she has nobody to whom she can entrust her child or children during the day. Most working mothers make personal and informal child care arrangements with relatives or neighbors, but that will usually be done only by a woman who really wants to hold a job, not by someone who prefers an officially acceptable alibi for not taking it.

But let us suppose a mother with four children lacks the imagination and plainly refuses to take an offered job. That means that her FAP benefit will be reduced from $267 a month to $200. That is a sizeable cut -- but the alternative would give her only

---

[1] "The Employment of Mothers as a Means of Family Support," Welfare in Review, November-December 1970.

40 cents per hour on a full-time working basis and she may prefer leisure to working for 40 cents an hour at something she detests.

There are of course more questions that may be raised on the work requirement. The social welfare profession has always been adamantly opposed to it and found ways not to enforce it. It will continue to do so, whether it remains on state and local payrolls or is transferred to the federal civil service. The chances are that the number of imaginary job-disabling ills will multiply and few welfare recipients who do not really want to work will wind up in jobs.

So far, I have not yet discussed the major problem in the public assistance field that makes work incentives ineffective in most cases: the absent father.

No conceivable incentive system can make it financially more attractive to a man with no property and a low earning potential to stay home, hold a job and support his family than to leave (or not to marry his children's mother) and let the taxpayers foot the bill. If he has property or a good earning power, his wife or girl friend (if she has a child by him) will usually locate and nail him. But if the chances are slim that she can get out of him as much as she can get from the government, she'll prefer AFDC or FAP.

A recent Census Bureau survey found that men with an income under $8,000 are twice as likely to be divorced as those with an income over $8,000, and the highest divorce rate is among men with an income under $3,000.[1] No statistics are available on the rate of desertion or informal separation by income levels. But it is apparent from a variety of reports that that rate is very high among low earning men and very

[1]Bureau of the Census, Current Population Reports, Series P-20, No. 223, October 1971.

small in middle and higher brackets.

The 1969 AFDC survey found that there were 455,000 fathers absent, who were not married to the children's mother, and 705,000 fathers who had left their wives and children; only slightly over one-third of the latter group had at least observed the legal niceties. As of now, we may estimate that there are about 2 million fathers "absent," whose families are on AFDC because they left or were never married to the mother.

This is the crux of the AFDC problem -- and it cannot be solved by work incentives. It can be solved only by much tighter laws than are proposed in H. R. 1 and by strict enforcement.

To expect that the work incentives offered in H. R. 1 will succeed in motivating millions of men and women to move from welfare to workfare is not a hope. It is a mirage. The substantial raise in benefits it grants AFDC recipients in a sizeable part of the United States will attract millions to FAP who will try to stay on forever. Why should Congress be called upon to take promises on faith and to enact a program, affecting 20 million persons, costing $10 billion, without first having it thoroughly tested on a limited scale? The preliminary results of the tiny New Jersey project, from 509 families, are quite insignificant. A test, to be meaningful, would have to be conducted on a broader basis, and, preferably, not in a high-income state.

H. R. 1 offers several perverse incentives. For example: only couples with children are eligible, no single individuals nor childless couples.

Such a bonus for having children might be worth considering if the problem in the United States were that we do not have enough people to settle the country and must offer incentives. Even then there would be a serious question of offering a baby bonus

in a form that could cause dysgenic consequences of disastrous proportions. It is not widely known that several states now pay AFDC benefits for unborn children -- there were 28,400 such children in 1969, equal to 1.7% of all AFDC cases. Nobody knows how many babies are born (or conceived) while their mothers are on AFDC or because it qualifies their parents for welfare.

The principle on which FAP is based may be seriously questioned: that a claim to support from the government can be sustained merely by the absence of adequate income.

When the present public assistance system was founded in 1935, two criteria were required for admission to the rolls:

1) the absence of an income at a minimum level, established by each of the states;

2) the existence of a recognized and valid reason why there was no adequate income. This is why categories for the aged, blind, disabled and for fatherless children were established; the residual needy population was left to the judgment and discretion of states and localities.

The social work profession has long demanded that public assistance categories be abolished, and income be recognized as the only criterion. APWA and the Department of HEW's Advisory Council on Public Welfare recommended that there ought to be only a single criterion for the claim to public assistance: need, defined as the absence of an adequate income. The standard should be set nationally and implemented

by a comprehensive aid program, financed and administered by the federal government. (Having the Power, We Have the Duty ... 1966)

The single criterion precept assumes that all persons -- not just most -- try to the best of their capacity to maximize their income. Absence of sufficient income is held to be adequate proof that a person is unable to earn his keep. It assumes, contrary to much evidence, that lack of money is the only difference between the huge majority that work for their living and a small but growing minority which do not, that all other differences are caused by lack of money -- rather than the other way around. It would, for example, grant regular financial assistance to the thousands of young people who now flaunt their disdain of work and keep themselves in bread and drugs by "ripping it off," though some of them also get food stamps and other forms of public aid.

To be sure: H. R. 1 would not go that far. It does incorporate a work requirement. But, that requirement, as I pointed out, is virtually unenforceable.

President Johnson's Commission on Income Maintenance Programs, chaired by Ben W. Heineman, recommended the type of program demanded by the social welfare profession. With but few changes, and the work part (OFF) added, it would be carried out by Title IV of H. R. 1.

One new principle it encompasses is wage supplementation for the working poor. In 1961, when it was charged that jobless fathers could make their families eligible for ADC and a higher income only by leaving the home, families with unemployed fathers were admitted to the rolls. This, to all appearances, did not diminish the incentive for leaving. It certainly did not reduce the incidence of paternal absenteeism. It is

now said that a man working at very low wages -- due to his limited productive capacity -- can improve his family's income only by quitting his job or leaving his home, since these are the only methods by which he can make his family eligible for AFDC.

To enable a family to obtain a higher income if its head is not working than if he works appears clearly unfair. That inequity could be corrected from the welfare side, or from the working side, or both.

It has been proposed to resolve the problem from the working side by a substantial raise in the legal minimum wage. That would lift many of the "working poor" out of poverty -- if they can keep their jobs. It would make large numbers of men and women with a low productive capacity unemployable because the wages they would have to be paid would be higher than the value of their work output.

It would, for example, be easy enough to boost the minimum wage rate for laundry workers, who are notoriously low paid. But this would cause even more people to do their own washing and put large numbers of laundry workers out of jobs, permanently. Such a boomerang effect would be paralleled in many other low-skilled occupations whose practitioners would become welfare dependent if their minimum wages were boosted beyond the value of their service or product. That, in fact, has been happening for many years.

H. R. 1 aims to resolve the problem of the working poor from the work side, by supplementing the wages of low-income workers. This seems fair -- if work incentives can be maintained, which is very difficult, if at all possible, as demonstrated earlier. It also raises the specter of employers who depend on governmental subsidies to the

72-506 O - 72 - 6

"working poor" to open a supply of employees at below-market wage rates.

H. R. 1 would establish a nationally guaranteed annual income of $2,400 for a family of four. AFDC, of course, also guarantees a minimum income but at a level set in each state in keeping with local living standards and job market conditions.

What impact would a $2,400 minimum have? According to HEW estimates, H. R. 1 would raise welfare dependency from 6.8% of the U.S. population to 11.6%. But in six states[1] between 20% and 29% of the population would become eligible for welfare. That would create havoc in many labor markets and create a dangerous situation, with a sizeable share of the residents dependent on federal handouts.

Experience with the AFDC program demonstrates that the size and growth of the rolls depends largely on the benefit level. Since 1950 (to May 1971) the average monthly benefit of an AFDC family has more than doubled, from $71 to $184, a 157% increase during a period when consumer prices rose 68% and Old Age Assistance grants were raised 80%. A study by the Citizens Budget Commission of New York in 1968 found that the average monthly benefits in the ten states with the fastest rate of AFDC growth in the preceding ten years (median + 161%) were twice as high as in the ten states with the lowest rate of AFDC roll growth (median + 6%). Monthly benefits averaged $88 in the latter group of states, $177 in the former.

Welfare rolls still respond to the level of benefits. When the steady rise in monthly AFDC benefits came to a halt in December 1970, the number of recipients stopped increasing about three months later, and subsequently even showed a small

---

[1]Alabama, Arkansas, Louisiana, Mississippi, Tennessee, West Virginia.

decline. About twenty states had taken steps to reduce benefits and this made welfare less attractive to potential recipients. Average monthly AFDC benefits declined only slightly -- from $187.30 in December 1970 to $183.40 in June 1971 -- that is, by 2.1%. Considering simultaneous price increases (CPI) of 2.0%, the effective reduction was 4.1%. This ended, for the time being, the expansion of the welfare rolls and caused even a slight decline in July 1971. Whether this trend will continue depends to a considerable extent on the size of available benefits.

Enactment of the Medicaid program helped to boost public assistance rolls because it made all persons on welfare eligible for free medical services. To be sure, the "medically indigent" are also eligible but those provisions have been tightened in New York, California and several other states. Medicaid provides a powerful incentive for persons who need medical services to get on welfare because that makes their right to free services unquestionable.

If a man or woman or their children require treatment, it may be advantageous for them to make any arrangements, such as quitting a job, to place themselves on the welfare rolls and thus obtain free services. The medically indigent may in some of the jurisdictions receive only certain "basic" medical services free.

Furthermore, receipt of welfare makes children countable and eligible for purposes of the Elementary and Secondary Education Act of 1965 (Title I) even if their parents' income exceeds the statutory level. In other words, presence on the welfare rolls confers benefits other than the monthly check which make that status more attractive.

Some of the states were encouraged to raise their AFDC benefits when the 1965

amendments gave them the option to change from the established formula with a $32 federal matching maximum per recipient, to the Medicaid formula which knows no maximum. Increased grants often made potential wage earnings look pale by comparison.

H.R. 1 would charge the Department of Labor with responsibility for the employment and training part of FAP-OFF. So did the 1967 amendments, with disappointing results. The department is apparently unable -- mostly through no fault of its own -- to place the over 5 million persons who are reported to be unemployed, nor even the 1.1 million who have been jobless for 15 or more weeks. How optimistic can we be with regard to the nearly 3 million adult AFDC recipients, most of whom are much less employable than the average member of the labor force who is presently out of a job?

Occupational training is, of course, an essential part of any attempt to help welfare recipients attain independence. Numerous training programs were authorized and activated within the past 10 years. Their results, which were presented to your committee and extensively discussed in hearings in 1970 as well as in July-August 1971, have been somewhat less than encouraging, to put it mildly.

Well-designed job training programs can help to raise the skills, attitudes and work habits of their participants to a level that will greatly improve their ability to land and hold a job. But they are no panacea and cannot perform the miracles that were widely expected of them. Persons of low intelligence and drive, who dropped out of school because they were lagging one or several years behind their classmates or national norms, who neither then nor later acquired a basic mastery of the 3 Rs, never showed ambition, usually followed the line of least resistance, and never held any but

simple, unskilled jobs-- if that -- can be converted into skilled workers only in very exceptional circumstances.

MDTA aimed to retrain workers from trades that had become obsolete to skills that were currently in demand and expected to expand. It was not designed to lift the "hard-core" unemployed. MDTA programs largely "creamed off" the most promising of those who had lost their jobs, and to that extent succeeded. The poor results of the WIN program that was launched with the greatest of hopes four years ago, were recorded at hearings of your committee on July 29 and August 2; I need not repeat them here.

There are several lessons to be drawn from those experiences: the chances of success are good for trainees who sincerely need and want a job of a type they can fill. They are poor for persons who participate because they are required to do so, or want to be eligible for the training allowance and welfare benefits, or because they want to avoid what they regard to be a menial job, although they lack the capacity to meet the requirements of a higher-level, more demanding type of job.

Too many attempts to train welfare recipients and hard-core unemployed were based on a naive belief in the unlimited plasticity of the human mind, derived from a theory that differences among persons are wholly attributable to environmental influences and can be undone or eliminated by changes in the environment. This seeming inability to distinguish what may be desirable from what is possible, explains the disappointing results of many ill-conceived training programs -- as well as the failure of Headstart and compensatory education programs to reduce the large and growing educa-

tional lag in basic educational skills of "disadvantaged children."[1]

This is not to underrate the importance of training for the acquisition of a marketable skill. But it must be preceded by a realistic evaluation of a person's potential in the current labor market. What many of the hard-core unemployed and welfare recipients need is not so much training to fit them for higher jobs, but jobs that fit their capacity. Often they need training for positive work attitudes and habits. Like many or most of us, they do not have an unbiased and objective evaluation of their own potential and therefore not an adequate judgment of the type of job they can fill. They can hardly be blamed for rejecting jobs they regard to be menial or inadequately paid -- as long as they are offered an alternative, an opportunity to do financially no worse, or even better, without work.

A recent study of "Employment and Unemployment in Urban Ghettos" under the aegis of the National Bureau of Economic Research concluded: "It may be increasingly true that the patterns of unemployment and unstable employment among disadvantaged workers are dominated not by their inabilities to find work -- by their supply of labor characteristics and handicaps -- but rather by their refusals to work in certain kinds of jobs -- by the nature of the demand for unskilled labor." It pointed out that while in American history "a new 'disadvantaged' immigrant class of workers has always been available to fill the lowest strata in the American wage and occupational ladder," today's "disadvantaged" groups are no longer "willing to accept and remain on the

[1]I described this more extensively in "The Alchemists in Our Public Schools," Congressional Record, April 24, 1969, and "Math and Aftermath in the Public Schools," Congressional Record, December 22, 1970.

job" that is low-paid or menial.[1]

The main reason for this change in attitude is the availability of an alternative to low jobs that did not exist until a few years ago: welfare benefits that compare favorably with potential wage earnings.

On-the-job training has on the whole been far more successful in placing participants into lasting jobs than institutional training. Since employers cannot be expected to foot the entire training cost of employees they would not normally hire, some form of temporary subsidy is required. That subsidy can, in my opinion, be granted more effectively through tax credits than through direct payments of subsidies to employers. The Administration had long considered such credits. They were authorized last December by Title VI of the Revenue Act of 1971 (Talmadge Amendment).

Well-designed training can prepare many present welfare recipients for regular jobs. But there is a large number of men and women whose productivity cannot be raised to a level that enables them to compete in an open market for jobs at prevailing wage rates, even by the most intensive training. If the value of their service or output is less than the wage they would have to be paid, they will be relegated to permanent unemployment or, at best, to casual employment. Much as we may dislike the fact, there is a residual "hard core" at the bottom of the ability ladder who cannot climb it. To send those people from one training course to another only adds to their string of defeats,

---

[1] David Gordon in: National Bureau of Economic Research, 49th Annual Report, 1969, p. 63.

to their discouragement, frustration and embitterment, and serves no purpose. It is doubtful that occupational training for welfare recipients that cannot be completed within a few months is anything but an exercise in futility. Nor is it advisable to pay private employers a perpetual subsidy to keep low productive workers on the payroll.

That residue of men and women can either be permanently supported in idleness or be put to work at simple tasks of the "sheltered workshop" type. Government may, to a limited extent, have to act as their "employer of last resort."

Work relief will give its recipients the dignity of having earned their keep instead of being permanently supported by the work of others. It will give taxpayers at least some return on their investment and, above all, the assurance that only persons who are genuinely in need and merit help will be aided. Such a "work test" for public aid could be the best criterion of eligibility and make all other tests of need superfluous.

It may be well to consider how the Soviet Union deals with the problem of poor, low-productivity, unemployed persons. I have observed it at close range on several visits. The USSR Constitution says and Soviet society practices: "He who does not work, neither shall he eat" (Article 12). The USSR offers no unemployment compensation nor welfare payments to able-bodied persons. But everybody can get a simple job at the minimum rate of pay -- presently $66 per month -- by applying to a labor exchange. That is why there are always swarms of men and women with mop and broom cleaning the streets, stores, and subways in Moscow and other cities and keeping them sparkling clean -- in contrast to ours which are in a disgraceful state most of the time, because we pay comparable men and women several hundred dollars a month for doing

nothing.

A program of work relief is what Franklin Delano Roosevelt may have had in mind when he wrote to Colonel Edward M. House in November 1934: "What I am seeking is the abolition of relief altogether. I cannot say so out loud yet but I hope to be able to substitute work for relief."[1]

Attempts at providing work relief have not been successful in the United States for some years because work relief cannot compete with welfare benefits. Recently, however, California, New York and Illinois have initiated small projects of requiring able-bodied welfare recipients to perform some simple public tasks which otherwise would not be done. This is normally not permitted on federal public assistance programs but President Nixon gave his approval in August 1971 on an experimental basis. The $2.25 billion Emergency Employment bill which was passed by Congress in July 1971 could provide jobs for at least 150,000 men and women for two years. That approach could be substantially expanded -- if simultaneously workless pay through public assistance were commensurately reduced. One obvious task would be for some AFDC women to take care during daytime of the children of other welfare mothers who would then be free to fill regular jobs.

I would like to repeat here something I have said elsewhere: I do not believe that the government owes anybody a living. But organized society certainly owes its members an opportunity to earn a living. Work relief for those unable to keep a job

---

[1]Elliott Roosevelt, ed., F.D.R. His Personal Letters, 1928-1945. New York: Duell, Sloan & Pearce, Vol. II, 1947-50.

in the open market seems a better way to aid the poor than giving them relief without work.[1]

A most delicate subject is the high birth rate among the poor. In 1967 the states were required to offer family planning services; H.R. 1 would transfer them to the Departments of Labor and HEW. But it could be that this difficult problem needs to be faced squarely and without euphemisms. Maybe we should call it plainly "birth prevention" and start offering a bonus for voluntary sterilization rather than for every additional baby. Whether the time has come when this is politically possible, I do not feel qualified to judge.

Last but not least: Maybe we should consider whether a child is always best off with his mother, or whether growing up in a well-run institution may not give it a better chance in life than living under inferior parental care or in a detrimental environment.

In Summary on the FAP-OFF Plan

H.R. 1 would establish a nationally guaranteed annual income of $2,400 plus ancillary benefits (for a family of four), recognize low income as the single criterion that entitles a family to public assistance, and grant wage supplements to the "working poor." It would offer work incentives and impose a work requirement which, however, do not differ much from similar measures that have proven ineffective in the past. Projections by the Department of H.E.W. of future recipients inspire little confidence, in the light of the experience of the past 15 years when, every time, the number of AFDC recipients turned out to be larger than had been estimated at the time the budget was submitted to the Congress. Welfare dependency could well rise far beyond present

---

[1] "Guaranteed Poverty or Guaranteed Opportunity?" Vital Speeches of the Day, January 1, 1969; also Congressional Record, August 6, 1971, pp. S. 13705-10, etc.

plans within the next few years.

H. R. 1 would not only double the welfare rolls immediately, it would open a Pandora's box of undreamed of dimensions. Disruption of labor markets, steadily worsening social ills and civil unrest could plague the country for many years at an increasing scale.

This does not mean that the AFDC program should be permitted to continue operating in the manner in which it has in recent years. But there is no reason to take panic action, to jump from the frying pan of AFDC into the fire of FAP-OFF.

There are alternatives to H. R. 1 available which I shall discuss in the next and concluding section of this paper. Their details may require further study but they should receive earnest consideration.

Alternatives to the Family Assistance Plan

Among the alternatives to the welfare provisions of H. R. 1 that have been advanced, S. 2037 by Senator Curtis appears to have received the widest attention and attracted the broadest support. In contrast to H. R. 1, which would federalize public assistance and remove most or all state influence and financial participation, S. 2037 would give the states greater control over welfare policies and administration. It would prohibit federal employees from exercising supervision or control over state public assistance programs, or imposing requirements or limitations in regard to eligibility, etc.

This is the decisive difference between H. R. 1 and S. 2037: H. R. 1 would continue and reaffirm the trend of recent decades to concentrate power over domestic serv-

ice programs in the national government, while S. 2037 would reverse that trend in the welfare area. H. R. 1 would institutionalize and complete federalization of public assistance, virtually eliminating the states from the field; S. 2037 would confer broader decision-making authority on the states.

Whether in a governmental system such as ours power should increasingly be centralized, or ought to be dispersed among its component parts, is a question of personal and political philosophy, subject to neither proof nor rebuttal.

What impact a directional change in the power distribution is likely to have on the operation of a program and its costs can, however, be judged from past experience.

The record is unequivocal on this point: ever since the inception of the joint federal-state public assistance programs in 1935, most of the impetus for expansion has come from the federal level, whether through statutory changes, incentive matching formulas, administrative mandates or by court decisions. Most of the states have at some time or other, and repeatedly, attempted to limit the spectacular growth in their welfare rolls and costs, by the adoption of restraining rules or administrative practices. But they were frustrated nearly every time when the Department of H. E. W. ruled them "out of conformity" and forced them back into line. That the states have not given up is indicated by recent action in California, Illinois, New York, Pennsylvania, Texas, Nebraska and other states. In the light of past experiences though, their chances of being able to prevail against the power of the Department of H. E. W. to cut off their funds remains in doubt, unless Congress intervenes. Court decisions, based on federal laws and regulations have in many cases overruled the attempts of various

states to control their welfare rolls. This can be remedied only if Congress returns to the states wider powers over public assistance.

Congressional committees have on several occasions expressed their concern over the inordinate increases in the welfare rolls but have not taken action that succeeded in restraining the expansionary forces. When, in the spring and summer of 1971, it appeared, for the first time, that the tightening-up efforts of several states may have slowed down the growth rate, the administrator of the Department of H. E. W.'s Social and Rehabilitation Service was reported by the Associated Press to have voiced concern about that unexpected turn of events "because the needs of welfare recipients haven't lessened." It is easy to predict what would happen to welfare rolls if control were shifted entirely to the federal level, as H. R. 1 proposes.

The field administration of public assistance has always been state and local, at least in name. H. R. 1 would federalize it, thus bringing the entire apparatus more clearly in the federal chain of command. It would subject all employees active in the administration of public welfare, numbering about 200,000, to direct orders from the same federal officials who have been in the forefront of the expansionist forces. This suggests that H. R. 1 would not only double the welfare rolls in the next fiscal period, but is likely to lead to continued increases in future years. I doubt that the exorbitant growth trend in public assistance can be reversed unless policy decisions and administration are transferred to the control of the elected officials of state and local governments. S. 2037 would move in that direction and I regard it far preferable to H. R. 1 or the current law.

S. 2037 would authorize federal block grants to the states to match their public assistance expenditures, employing the Medicaid formula of 1965, now used for public assistance by the majority of the larger states, which reimburses them for between 50% and 83% of their outlays.

This raises serious questions. An offer to reimburse states for 50% to 83% of their outlays, in a program which they control, opens the door to raids on the U.S. Treasury. Even the present system has been and is being exploited by a number of states which manage to obtain disproportionate amounts of federal funds -- at the expense of taxpayers in the other states.

I believe, therefore, that the distribution method of S. 2037 could be improved while retaining its basic emphasis on state-controlled welfare systems. But before discussing the type of formula I would recommend, I would like to name one other basic proposal, namely, a restructuring of the aid-recipient categories. Such a restructuring will greatly simplify the problem of a just distribution formula.

If the time has come to reverse the trend of shifting welfare program control to Washington -- and I believe it has -- then the time may also be here to consider a more fundamental restructuring of our public assistance system.

It seems to me that the system designed in 1935 was basically sound: It established comprehensive social insurance, supplemented by three public assistance programs to which a fourth one was added later. Public assistance was intended mainly to serve until social insurance matured and coverage became universal. Its categories established seemingly clear criteria for eligibility which were objectively determinable and largely

beyond the power of welfare applicants and administrators to bring about or manipulate: old age, blindness, permanent and total disability. It was not then foreseen that the category for fatherless children would be so perverted as to include -- and even produce -- a vast number of problem cases which eventually swamped public assistance.

It had been intended that the residual cases, those with a multiplicity of personal or social problems, would be taken care of by a state-local controlled and financed program of General Assistance. As it turned out, the welfare bureaucracy manipulated ADC to take over, and this multiplied the residual cases that should have been in General Assistance, when most of its intended clients -- the widows, orphans and disabled -- were absorbed by OASDHI. That cannot now be reversed.

But the time may be ripe to combine the residual segment of AFDC with General Assistance to a new program that is state-locally controlled with a federal contribution on a formula grant. There are good reasons for such a move.

The typical AFDC recipient family has multiple problems which cannot be resolved with money alone. Nor is it easy to fit their adults into regular jobs in the open market, even with some occupational training. The infinite variety of their problems makes it very difficult or impossible to devise national rules that can be uniformly applied. Controversies over the "suitable home" and the "man in the house" are good examples of the necessity of judging situations individually and dealing with them on a case-by-case basis rather than by a general regulation. National rules on whether a mother is employable or has the right to stay home and be supported there if she so wishes, whether adequate child care is available, and on dozens of similar situations

are either too harsh in some cases or in some locations, or at certain times, or they are too lenient in others. Community views and local job market conditions and opportunities often play a decisive role in arriving at a viable solution.

If such decisions are made by persons who are independent of the citizenry and electorate, they are less likely to be in consonance with the views of the American public and the community. Proper judgment and decisions are more likely when compassion for the applicant has to be balanced against the need for obtaining consent to the spending of tax money from those who in the end must pay for it, and from elective officials who must accept political responsibility for raising the funds.

This suggests the following plan for the basic restructuring of the recipient categories:

Persons who are aged, blind or disabled should be phased into a pension program, preferably OASDHI. So should be the widows and orphans who because of some quirk of fate did not acquire sufficient social security credits and are on AFDC. So should the families of totally and permanently disabled parents. The remainder of the AFDC program should be merged with General Assistance, controlled by state and local governments, with the greater share of the funds contributed by the federal government.

With the General Assistance category simplified, therefore, it will be easier to devise a just formula of distribution, with a built-in technique of fiscal discipline.

Fiscal discipline in intergovernmental relations can be enforced by one of two methods:

a) The "closed-end system" under which the size of the grants is predetermined by a formula so that each grantee government knows that its welfare outlays are protected only up to a certain level and an excess will be at its own expense;

b) The "open-end system" under which the grantor government promises reimbursement without limit; it must then exercise direct control lest costs develop a runaway tendency. Experience shows that it is not wise to say to a state: you may spend according to your own judgment and the federal government will reimburse you for 60% or 70% or 83% of whatever you spend.

Therefore, the size of the grants will have to be limited if program control is to be vested in the states. Otherwise some states may be unable to pass up an opportunity to extract 25 cent or 17 cent dollars from the U. S. Treasury.

Closed-end grants, which are employed in most other federal aid programs therefore appear to be a sounder method of financial assistance to the states. Federal grants to the states for General Assistance should, in my opinion, be based on population, modified in inverse ratio to economic capacity.

A system of federal grants for general public assistance on an equalization formula, taking into account state differences in per capita income, was recommended in 1956 by the Joint Economic Committee (Report No. 1311, 1956). The committee intended those closed-end, formula grants to include all public assistance programs with about 6 million persons. If recipients of OAA, AB, ATPD and AFDC fathers dead

72-506 O - 72 - 7

or incapacitated were transferred to a pension program such as OASDHI, the remainder of AFDC and GA would constitute "general assistance." Between 9 and 10 million of the present 14.4 million welfare recipients would come under the new program.

I am proposing a formula as follows:

The total amount appropriated by Congress for General Assistance should be prorated among the states according to population, with each state's allotment divided by the percentage which the state's per capita income is of the U.S. average per capita income.

The attached table shows the distribution by states of $4 billion in federal grants under the current law and under my proposed new formula. Column 1 shows the actual distribution of federal AFDC grants in F.Y. 1970, blown up to $4 billion. Column 2 shows the allotments under the new formula, based on each state's population, modified in inverse ratio to its per capita income.

Column 3 shows the changes from Column 1 to Column 2. Twelve states and D.C. would lose, the other 39 states would gain. Main losers would be the large high-income states -- New York and California -- main gainers would be the low-income states, as well as a few states which are now tightly controlling their benefit levels and welfare rolls.

Under existing law, federal AFDC grants on a per capita basis amount to: $26.04 in New York, $21.98 in California ... $5.47 in Arkansas, $4.05 in South Carolina, $4.17 in Texas, $5.85 in Virginia, $10.42 in Georgia.

This, obviously, is Robin Hood in reverse: New York and California, which account for less than one-fifth of the U.S. population, are getting more than one-third of all AFDC funds. Smaller and low-income states get far less than their proportionate share. It is about as unfair a distribution of federal funds as could be conceived: New York which enjoys the second highest per capita income of any state -- 22% above the national average -- and has 9% of the U.S. population collects nearly 20% of the federal AFDC funds. California, another high-income state, has less than 10% of the U.S. population but gets 15% of the funds. This truly amounts to the rich robbing the poor.

To continue such a distribution of federal largesse seems patently unjust. Why should residents of New York enjoy generous assistance grants -- at the expense of taxpayers in other states? Why should they disproportionately benefit from the spending of funds, collected elsewhere by the U.S. government?

A gradual adjustment over a number of years, that would bring the distribution into a closer relationship to population and make low per capita income a factor in awarding larger rather than smaller federal grants, would certainly be desirable.

The purpose of the table is to demonstrate the obvious discrepancy in the distribution of AFDC funds that has been permitted to exist and, in fact, to become increasingly worse in recent years. The table also serves as a frame of reference for consideration and further discussions of a revision, based on population and per capita income rather than on a policy which amounts to a raid on the federal treasury -- or, more precisely, the taxpayers in the other states -- by a flagrant abuse of open-ended federal grants. To some extent this distribution amounts to a reward for profligacy and a pen-

alty on tight fiscal management: the states which have controlled their public assistance rolls pay for the states which have permitted them to grow out of proportion.

In F.Y. 1970 federal grants equalled 54% of AFDC payments while the states bore 100% of General Assistance. Thus they received 47% of their combined AFDC-GA costs through federal grants. A proviso might be added to the new plan that a state could be reimbursed for up to two-thirds of its program costs, with an upper limit established by the population-income formula.

Enlarged federal grants to low-income states would make it possible to reduce the sharp discrepancies in the size of AFDC benefits among the states, which have long been criticized. Monthly AFDC benefits average (July 1971) $186.77 nationally, and run as high as $281.75 in New York, as low as $53.51 in Mississippi and $58.49 in Alabama, a spread of about 1:5. What may be more important, an AFDC family in Mississippi receives less than one-third of the national average. National minimum standards might well be established and increased federal grants would enable the low-income states to finance them.

In conclusion then, I think that the basic concept of Senator Curtis' bill -- S. 2037 -- is sound, namely, a return to the states of greater power over welfare policy and administration. The welfare system could be made more rational by the restructuring of the categories which I outlined and the distribution of federal funds for public assistance could be improved by the use of a closed-end formula based on each state's population and per capita income.

State	Actual Distribution in FY 1970 Increased to $4 billion	According to Population and in Inverse Ratio to Per Capita Income	Difference Between Columns 1 and 2
	millions of dollars		
Alabama	$ 33.9	$ 91.1	+$57.2
Alaska	3.9	5.0	+ 1.1
Arizona	27.4	37.2	+ 9.8
Arkansas	18.2	52.0	+ 33.8
California	604.1	340.2	-263.9
Colorado	32.2	43.6	+ 11.4
Connecticut	54.3	47.1	- 7.2
Delaware	9.7	9.6	- .1
D. C.	22.3	10.6	- 11.7
Florida	84.6	140.7	+ 56.1
Georgia	94.2	103.9	+ 9.7
Hawaii	14.9	12.8	- 2.1
Idaho	11.9	16.6	+ 4.7
Illinois	181.3	186.3	+ 5.0
Indiana	36.6	103.7	+ 67.1
Iowa	39.9	57.8	+ 17.9
Kansas	33.7	44.4	+ 10.7
Kentucky	65.1	79.0	+ 13.9
Louisiana	73.7	90.2	+ 16.5
Maine	23.7	23.0	- .7
Maryland	65.2	69.6	+ 4.4
Massachusetts	144.4	98.5	- 45.9
Michigan	147.3	165.0	+ 17.7
Minnesota	64.1	75.1	+ 11.0
Mississippi	24.7	65.0	+ 40.3
Missouri	65.0	95.3	+ 30.3
Montana	7.7	15.5	+ 7.8
Nebraska	14.8	29.9	+ 15.1
Nevada	5.9	8.1	+ 2.2
New Hampshire	5.5	15.5	+ 10.0
New Jersey	155.4	117.6	- 37.8
New Mexico	27.4	24.5	- 2.9
New York	772.7	287.8	-484.9
North Carolina	65.0	119.6	+ 54.6
North Dakota	8.1	15.6	+ 7.5
Ohio	127.7	202.4	+ 74.7
Oklahoma	51.4	58.3	+ 6.9
Oregon	41.4	42.6	+ 1.2
Pennsylvania	289.3	226.6	- 62.7
Rhode Island	21.0	18.4	- 2.6
South Carolina	18.0	66.6	+ 48.6
South Dakota	10.4	15.9	+ 5.5
Tennessee	64.3	96.0	+ 31.7
Texas	96.1	239.3	+143.2
Utah	20.6	24.9	+ 4.3
Vermont	9.2	9.7	+ .5
Virginia	53.2	97.2	+ 44.0
Washington	68.2	64.4	- 3.8
West Virginia	42.9	43.6	+ .7
Wisconsin	44.9	90.3	+ 45.4
Wyoming	2.5	7.0	+ 4.5
Total	$4,000.0	$4,000.0	+ $ .0

Based on: Population, April 1970 (Census)
Per capita income in 1970 (Survey of Current Business, August 1971)
Actual federal grants to states for AFDC in FY 1970

From Vital Speeches of the Day

AID TO DEPENDENT CHILDREN

Controling Program Costs

By Roger A. Freeman, Senior Staff Member, The Hoover Institution on War, Revolution, and Peace, Stanford University, California

Delivered at the Fifteenth National Legislative Conference, The Council of State Governments, Phoenix, Arizona, September 21, 1962

After enjoying a relatively inconspicuous and even obscure existence for quite a few years, welfare has of late again become the involuntary and somewhat unhappy recipient of much public attention. Newspapers ranging geographically from the San Diego Union and the Los Angeles Times to the Buffalo Evening News and the Long Island Newsday published article series, most major magazines ran one or several reports under disquieting captions and legislative and research bodies are shedding both light and heat on facts and policy issues.

Those of us who have maintained an active interest in the subject for some years still remember the days when the battle over public welfare was mostly a tug of war over old-age pensions—who should get them, how much and under what conditions. Those questions haven't all been settled yet but they no longer cause so many blood pressures to rise. Nowadays, if headlines blare forth on public welfare, they aim at Aid to Dependent Children nine times out of ten. By about the same ratio the stories are likely to be somewhat less than flattering to the program. This seems to express the beliefs and feelings of broad sections of the American public. No doubt: ADC, as it operates today, is under attack.

Why Pick on ADC?

Looking back a quarter of a century, to the birth of the social security program, the turn of events comes as a surprise. During the congressional debate of the bill in 1935, one of the most extensive debates ever, only a few casual references were made to ADC, all of them complimentary. ADC was viewed as a continuation, with federal funds added, of the widows' pension or mothers' aid programs which had been adopted by all but two states over the preceding 25 years. One might then as well have criticized home or motherhood as ADC. It was just that noncontroversial.

Why has ADC fallen from public grace? Does it cost too much money? Has the American public changed its attitude on helping needy children? Or has the nature of the program changed?

The principle on which ADC was established is as widely accepted today as it ever was. That it has helped large numbers of fatherless children to grow up under more nearly normal conditions is universally recognized. But opinions differ on whether the program has, particularly in the last few years, contributed to the attack on certain serious social problems or contributed to the problems. The leadership of the social work profession feels that public aid does not go far enough in relieving human misery and that, by and large, there is little wrong with ADC that could not be cured by easing restrictions and enlarging appropriations for financial aid and staff. Lay opinion is far less united and, on the whole, far less favorable.

Some explain the waves of criticism which have engulfed ADC as a taxpayers' revolt: local citizens are turning their wrath over ever-rising taxes on a program whose skyrocketing costs they deem responsible for their heavier burdens.

The record lends little weight to this line of reasoning: ADC expenditures grew only slightly faster than child population and living costs during the 1950's—from $600 million in 1950 to $1170 million in 1960, or 95%. All non-war expenditures of government meanwhile jumped 139% (from $38 billion to $90 billion).

The demand of ADC on state and local budgets grew even less. Between 1950 and 1960:

	Percent
ADC expenditures from state and local funds increased	49
All personal income in the U.S. increased	77
State and local tax receipts increased	126

Of the $20 billion increase in state and local tax receipts between 1950 and 1960, ADC received only $160 million, or less than 1%. It was not responsible for financial difficulties or major tax boosts at state and local levels except in a few isolated instances. The recipient rate—the number of ADC children per 1,000 population under 18 years—stood at 35, both in 1950 and in 1960.

But this modest rate of growth offers little cause for complacency. At the time of the passage of the Social Security Act, and for many years after, it was expected that with the return of prosperity and the maturing of the social security system the need for public assistance would gradually decline, as it actually has in the program for the aged.

Personal income has been rapidly increasing and is more widely distributed, social security benefits were boosted to respectable levels, and the number of children receiving OASDI benefits jumped from 55,000 in 1940 to 700,000 in 1950 and will exceed 2.5 million before the end of this year. ADC rolls meanwhile expanded from less than 1 million in 1940 to 1½ million in the early 1950's, and will soon reach 3 million. They may exceed 4 million by 1970, and could run closer to 5 million if present trends continue.

The seeming stability in the ADC recipient rate between 1950 and 1960 is deceptive. The orphans moved out and the offspring of the rapidly increasing number of extramarital unions and broken families took their place. The ADC recipient rate after a short-lived 1950/1953 decline, climbed from 27 in 1953 to 41 in December 1961. It is headed for more than 45 per 1,000 child population and could reach 50. Part

of this increase is due to the extension of ADC to include families with unemployed fathers. But most of it is due to other reasons.

The growth in illegitimacy and in family breakdown goes far beyond ADC and cannot be attributed to the effects of the program. But some critical voices do not hold ADC entirely blameless. The gist of several magazine articles was expressed by Charles Stevenson in the Reader's Digest: "On the basis of this accumulation of evidence it can only be concluded that the federally subsidized ADC rolls are contributing to debauchery and fostering a demoralizing dependency on government handouts." This, spokesmen for welfare hold is like blaming an umbrella for the rain. They insist that ADC, inadequate as it is, has proven an essential and effective tool in healing some of the damage caused by deficiencies in our social and economic system. It needs to be reinforced, not criticized.

Despite many studies we really don't know much about the accomplishments of ADC. In a report prepared at the request of the Secretary of the Department of Health, Education, and Welfare, in August 1961 George K. Wyman, former state director of social welfare in California who was recently appointed to the same post in New York, asked "What are the results of the ADC program?" and answered his question on whether they have, on balance, been good. "Supporters say 'Yes' and can justify their answer by citing a few case examples. Detractors say 'No', or leave the question unanswered and thus raise more suspicions. Unfortunately, no one knows the answer for any substantial part of the caseload."

It seems then that the concern over ADC which has resulted in demands for tighter control is twofold:

1. ADC rolls are rapidly expanding despite rising personal incomes and a social insurance coverage which now protects more than 90% of all children. If costs are not to get out of hand, access to and continuance on the rolls must be more closely guarded.

2. Many reports suggest and wide sections of the public believe that certain aspects of the ADC program tend to perpetuate and promote rather than reduce dependency, illegitimacy and family breakup. They contend that ADC households often are the breeding grounds of social ills and deviant patterns of conduct and that many children are being taught to be the second, third, or fourth generation of ADC recipients. These assertions could be wrong, conclusive evidence not being the strongest point on either side. But the voices are too numerous and too insistent to be ignored by responsible public officials.

Who Sets Policy?

The general framework within which ADC operates is set by Congress and the Department of Health, Education, and Welfare. The states are required to meet certain conditions, apply specified controls and refrain from others. A state which takes action of which the Secretary of H.E.W. disapproves may have its federal grants withheld. Since the federal government provides on the average 60% of the funds—and in some states more than 80%—this is a powerful weapon and the mere threat usually suffices to bring a state into compliance. Congress permits the states no recourse to the courts against decisions of the Department of Health, Education, and Welfare.

72-506 O - 72 - 8

Some have suggested an easing of federal controls. For example, the chairman of the House Ways and Means Committee Rep. Wilbur Mills when presenting the 1962 Welfare Bill to the House of Representatives said: "(The committee) is convinced however, that the federal government must grant some latitude to the states to deal with (welfare problems), particularly as to abuses in the ADC program." But professional groups have been demanding more stringent federal rules and standards. Former Secretary of H.E.W., Abraham Ribicoff, gave his and their reason: "The national conscience is a little more sensitive than the local conscience about people who are in trouble."

Federal program control is the very purpose of the categorical grant in aid system. Through such grants professional concepts can be made to prevail over lay opinions and what has been called limited local vision, prejudice, and parochialism. Mere financial aid to the states, if that were the purpose, could be given by far simpler methods such as unconditional or block grants or tax rebates. This would, of course, tend to decentralize policy control.

At this time a considerable degree of the policy control still is in the hands of the states as a comparison of programs and recipient rates proves. It is reasonable to assume that the size of the welfare rolls in a state depends largely on the prevailing income level: the higher per capita income and the smaller the percentage of low-income persons and families, the fewer aid recipients. Statistical analysis shows that such a relationship exists in the other categorical aid program—OAA, AB, APTD—but that this correlation is rather weak in ADC. The income level or the unemployment rate do not seem to be the major determinant of the ADC recipient rate when comparing one state with another. Changes can often not be explained in economic terms. In Mississippi ADC rolls have risen from 11,000 in 1950 to over 20,000. In neighboring Arkansas, which is comparable in many respects, they meanwhile declined from 18,000 to 7,000. Closer study suggests that public policy, as expressed in legislation and administrative practices, affects the size of ADC rolls more strongly than economic factors.

According to the book, legislative bodies set the policies and administrators carry them out. But political scientists have long known that policy and administration are overlapping and indivisible. Statutes sometimes specify administrative details. Administrative supervsors and caseworkers apply the laws accordng to their own concepts and may influence policy more powerfully than legislative bodies. If agencies and their professional staffs disagree with legislative policy, then they can by various means defeat it. The District of Columbia for example has the most restrictive ADC eligibility rules of any state or territory. But a recent investigation disclosed that the rules were not being enforced. As a result, the District has an exorbitantly high ADC recipient rate.

I would like to cite to you two recent dramatic examples of what can be accomplished by administrative agencies without action by the legislature. Two of the most significant reports on ADC in recent years are: one prepared by the Texas Research League in 1959, and one for Cook County, Illinois, by Arthur Greenleigh Associates of New York in 1960. Both are competent, well-written reports whose study I earnestly recommend to you. Both reports stress the importance of reha-

bilitation but in other respects represent the two opposing philosophies which divide views and attitudes on ADC throughout the country. Each report was well received by the administrative agency—Texas Department of Public Welfare, Cook County Welfare Department, Illinois Public Aid Commission—which then proceeded to put some of the recommendations into practice, at least those which required no legislation.

Of course, not everything that happened afterwards can be attributed to those steps and the time elapsed is too short to draw very definite conclusions. But some factors are segregable and the subsequent developments were truly dramatic.

In Texas the number of ADC cases declined by one-fourth and the state now has by far the lowest ADC recipient rate in the country. In Illinois the number of ADC cases (not counting the newly added program for unemployed fathers) increased 31% within one year while the simultaneous growth in the rest of the United States equalled only 4%.

What accounted for these changes? According to Aris Mallas, who headed the Texas study, 50% of the reduction was due to shifting from prescheduled appointments with clients to drop-in visits. By doing this suddenly, hundreds of cases were found to be fabricating their situations. Specialization which enabled caseworkers to be more effective in verification of claims accounted for another 40%. The other 10% with some help from caseworkers became self-supporting and withdrew.

The Texas Department of Public Welfare feels that low monthly benefits, which now range from $54 to $107, have a distinct bearing on the low recipient rate: many families which would be on relief in high benefit states cannot afford to be on ADC in Texas. It should be mentioned though that while the caseload was declining, the monthly maximum was raised by $10 and the average benefit increased about $8.

The Illinois Public Aid Commission, guided by a statement in the Greenleigh report that assistance budgets, except for rents, were at least 25% too low, substantially upped benefit standards. Within one year (April 1961 to April 1962) the average monthly ADC benefit per family increased from $169.04 to $198.69, or $29.65. In the rest of the U.S. it meanwhile increased only $4.90 (from $113.81 to $118,71). Illinois now pays the highest ADC benefits of any state—60% above the national average, while its per capita income is only 18% above the national average. The Greenleigh report revealed that not too many of the ADC recipients before coming on the rolls had earned as much as the present average benefits.

There is a sequel to the story: the Illinois aid program is in trouble. Costs increased 86% between April 1961 and April 1962, compared with a simultaneous 15% rise in the rest of the country. The Governor, early this summer, proposed to resolve the problem by cutting benefits, as is usually done in other states. But when a Chicago heat wave reached Springfield he relented and said he would call a special session of the Legislature for November to: (a) appropriate more money for ADC, and (b) find ways of raising it.

These two cases merit more extensive comment than I have been able to make. They may serve as object lessons in several respects. Appro-

priations can control program costs, as they are intended to, only if departments are required to live within their limits. In Illinois biennial public aid appropriations—in contrast to all other approprations—have long been treated as down payments, to be supplemented at the succeeding legislative session in January of odd-numbered years. This practice amounts to a delegation of the power over appropriations. It probably was only a question of time when events would take the turn they took in 1962.

Conditions of eligibility are of course an important means of controlling a public aid program. But at least equally important is strict enforcement by adequate verification of claims. It has often been said that fraud in public assistance is no more frequent than in other activities. Former Secretary of H.E.W. Abraham Ribicoff estimated the incidence of fraud in public assistance at generally less than 1%. But some reports have come up with far higher figures, of example, a recent review in the District of Columbia.

The U.S. Senate Appropriations Committee reported on June 29, 1962: "The recent investigation into the welfare programs in the District of Columbia has been followed with great interest by the committee. The final result of the investigation of the 5 perecnt sample of the aid to dependent children program disclosed that 66 perecnt of the cases were ineligible, thus leaving only 34 percent of the cases as eligible. This, in the committee's opinion, constitutes a shocking waste of Federal and local funds. The committee has previously been advised by the Federal agency that ineligibility in the caseload throughout the country is estimated to be less than 2 percent. If the situation found to exist in the District is common to other large cities, it is estimated that the waste of public funds would run into the hundreds of millions of dollars."

What accounts for the striking difference between 1% or 2% and 66%? One possible explanation is that conditions in the District of Columbia are unique and that public assistance administration in the various states may be more thorough. But the critical point could be that the reviews reporting a low incidence of fraud were staffed by professional social workers of welfare departments and other social agencies, while the District of Columbia investigation was conducted, at the request of the chairmen of the Senate and House Appropriations Subcommittees, under the auspices of the Comptroller General of the United States by trained investigators who were *not* welfare workers (though accompanied by employees of the Public Assistance Division).

The findings were discussed in congressional hearings which concluded two weeks ago. The Senate Appropriations Committee expressed its concern: "The committee will expect the Department (of H.E.W.) to make an all-out effort to carefully review eligibility under the ADC program throughout the country. This review should include local, state, and federal personnel organized into a concerted effort to eliminate any abuses of the program. A full report of the Department's findings will be expected when the Department appears before the committee next year."

The state welfare administrators will meet with officials of the Department of H.E.W. in Washington next week to discuss a nationwide eligibility review. According to present thinking in the Bureau of Family Services it will be conducted on a sample basis by the super-

visory staff of state welfare departments. It is probably safe to predict that this type of investigation will produce no sensational results. Whether Congress, state legislatures and the American public will be satisfied with it remains to be seen.

Rehabilitation—A New Approach?

Everybody agrees that the most desirable method of controlling assistance costs is to help people to become self supporting. President Kennedy announced in the 1962 State of the Union Message that his welfare proposals emphasized "services instead of support, rehabilitation instead of relief." The program to "get people on relief" through intensive casework, occupational training, guidance, etc., was hailed as the new and promising approach of the 1962 welfare amendments.

It is, however, not new. Long before welfare became a huge government program, voluntary charity saw its paramount objective in improving the conduct, habits, competence and earning capacity of needy persons. The New York Society for Improving the Condition of the Poor in the 1840's aimed primarily "to lead the poor to self-support." The Elberfeld Poor Relief System which prevailed in German cities for more than a century focused on helping needy people to become independent. The shift in emphasis is of recent origin. The ADC program was created in 1935 not to make adults self-supporting but "to furnish financial assistance . . . to dependent children." Changes in the characteristics of the ADC clientele led to the reintroduction of the rehabilitation objective in the 1956 amendments and it became a major aim in 1962. The term rehabilitation is somewhat inaccurate because most of the ADC recipients never were self supporting nor had adequate vocational training or skills.

Case classification and case management help to identify and segregate recipients with a potential for self support. Intensive casework with those families and individuals requires much lower caseloads per worker than have been common in public assistance. As a rule it calls for a substantial increase in the competence and size of the staff. At the recent Senate hearings on the District of Columbia investigation another method of cutting caseload per worker was suggested: If the one-half or more of the recipients who were found to be ineligible were eliminated from the rolls, the caseload per worker would also be reduced to one-half. This begs the question whether conditions in the rest of the country parallel those in the District of Columbia.

Congress authorized in 1956 a training program for social work personnel but has so far made no appropriations for it. Nor have state legislatures or local bodies been eager to increase administrative and service appropriations to anywhere near the levels demanded by welfare departments and proposed in several survey reports.

What accounts for such legislative reluctance to provide the staff deemed necessary by the profession?

For one: though everybody agrees on the desirability of helping people toward self support, there is at best only slender evidence that low caseloads per worker lead to a material reduction in the size of the welfare rolls and to a net saving. A review of social welfare literature suggests that the profession sees its purpose in helping people with their emotional and social problems rather than with "getting

them off relief." One leader was quoted: "We are not in the business of saving the taxpayers' money. Our basic identification is with the client and not the taxpayer."

There are indications that many legislators harbor no unbounded confidence in social workers. This lack of confidence appears to be fully reciprocated. One of the leading authorities in the field of social work said at a conference less than a year ago: "It is a sobering experience to read congressional and state legislative hearing and to see, not merely how ignorant legislators are of what social services mean, but even how unable we who render services seem to be to enlighten legislators in terms they can understand."

I am not certain just how helpful such an attitude is in achieving the desired objective: bigger appropriations to hire greater numbers of social workers at higher pay. The question still is: will increased investment in staff reduce program costs?

Several demonstration projects have been cited in which low caseloads enabled welfare workers to lead some of their clients to self support. Most of them prove the potential value of social work in improving undesirable home conditions. They are less conclusive in regard to future net savings by making a sufficiently large percentage of the recipients earn their keep through employment.

The St. Paul, Minnesota, project has received unusually wide publicity. It proved that it was possible by selecting the most promising 300 families out of 7,957 public assistance cases (=4%), by quintupling the effort (30 cases per worker instead of 150), and by concentrating upon this small group the most highly qualified workers in the department plus specialized aides, to get one-sixth of the recipients (=17%) off relief within six months. That is somewhat less than spectacular. The average ADC family in Minnesota stays on the rolls for 32 months, which means that an average of 19% get off every six months.

This jibes with the results of a recent more scientifically conducted "intensive casework" study in Alameda (Oakland), California, which found that within 18 months, intensive casework had been no more successful in getting ADC recipients job placed than the average not specially aided clients had been. It had, however, in many cases improved home conditions and mental attitudes. "None of the results were spectacular" the report concluded.

To be sure: efforts at helping ADC recipients to become self supporting need to be continued and strengthened. But hopes that the addition of more and better paid personnel will materially reduce welfare rolls and cut costs should not be raised too high. It is a good selling point though.

What Legislatures Can Do—And What They Can't Do

Let us now review some of the major techniques by which legislatures are attempting to control ADC program costs. Cost control whether in public programs or in industrial or commercial management does not aim primarily at spending the least amount of money. It tries to assure that money goes for the purpose for which it is intended and for no other. It aims to spend no more than is required

to achieve the desired objectives and to obtain the highest return on the investment. It recognizes that the chances of waste are least where expenditures are most closely controlled.

1. RESIDENCE REQUIREMENTS

The maximum residence requirement in ADC permitted by federal law is one year. Forty-two states adhere to it, eight are more liberal. Abolition of all residence requirements has repeatedly been suggested and the Administration proposals in 1962 would have given each state a bonus for doing so. Congress did not agree. In many areas residence requirements are of little practical consequence. But states with high benefit levels could run into serious problems without them. New York, which used to have none, saw itself forced to adopt residence limitations in 1961.

Abolitionists hold that people don't move long distances to get higher ADC grants. The other side contends that $150 or $250 a month may look awfully good to a family whose resident state is paying them only between $40 and $80.

2. CONFIDENTIALITY

Confidentiality of public assistance records became a major issue when the Indiana legislature a dozen years ago defied the Department of H.E.W. and opened its files for inspection. The courts upheld the federal department but Congress sided with the state. Only few other states subsequently followed Indiana's example. The actual use of the available information has been very limited. One side holds that abandonment of secrecy puts a stigma of personal failure on the recipient although the presence of financial need is due to defects in the social and economic structure and not in the individual. This raises the question why receipt of public aid should stigmatize a person if, as is contended, society rather than he personally is responsible for his condition. The other side holds that long experience in many fields proves access to public records to be an essential safeguard against abuses.

3. CASH PRINCIPLE

States are not permitted to direct the spending of ADC funds by recipients. They cannot assure that grants are applied for the children's benefit even when abuse of the funds and neglect of the children are apparent. If, on occasion, an agency finds it necessary to pay rent or utility arrears it cannot deduct those outlays from future benefits.

There is an ironic twist to the money payments principle. Public aid recipients must be deemed competent and be trusted to spend publicly provided funds wisely, evidence to the contrary notwithstanding. Attempts to control the spending would offend their dignity. But states wishing to participate in federal grant in aid programs merit no such confidence in their ability to spend the monies intelligently. The hands of legislatures and administrative agencies must be tied by specific directives as a condition of sharing in the federal funds. They are not held to be as competent as welfare clients.

The U.S. House of Representatives in 1962 tried to ease the cash principle slightly and to give the states greater discretion. The Senate dissented and emasculated the change. The House receded.

4. PROPERTY LIMITATIONS

Federal law requires all income of ADC recipients to be considered in computing their need for assistance. Starting with 1962 there is a relaxation in regard to earned income of children and consideration of expenses of holding a job.

Most legislatures set tight limits on permissible personal property and nonresidential real property. Some also restrict the value of residences. Many do not. Investigations, particularly in regard to prior transfers of property to relatives are not always sufficiently thorough. Most ADC recipients never had enough property to make this a major issue.

5. ABSENT FATHERS

In all states but two the father is responsible for the support of all of his children, whether born in or out of wedlock. With family breakup and illegitimacy sharply rising, absence of the father has become the major cause of ADC dependency. Between the 1950 and 1960 census, the number of women (14 years and over) increased:

	Percent
Married, husband present	+11
Divorced	+39
Married, husband absent	+54

Attempts to hold absent fathers of ADC children responsible for their support have not been particularly successful although notice to law enforcement agencies has been required since 1952. Less than one-fifth of the absent fathers of the ADC children contribute anything, usually very little. The whereabouts of at least half the fathers is unknown (surprise visits, occasionally, find them to be in the home).

Adoption of the Reciprocal Enforcement of Support Act has brought some improvement but, on the whole, enforcement has been inadequate. The ease with which fathers can avoid their responsibilities and shift the burden to the taxpayers accounts for much of the criticism of the ADC program. No doubt, much more could be done in locating and apprehending fathers and in deterring others by meting out heavier sentences. Los Angeles District Attorney William B. McKesson declared, "that a 100 percent effective Failure to Provide Program could well eliminate as much as 75 percent of ADC costs." His office handles over 26,000 cases of this type a year. Some observers, however, are less optimistic and have proposed making failure to provide a federal offense and a felony. Sooner or later this may well become necessary.

6. WORKING MOTHERS

In keeping with prevailing attitudes at the time, "widows' pensions" aimed to keep mothers at home. So did their successor, the ADC program. As domestic chores eased and female employment opportunities and wage rates improved, views gradually changed and women increasingly tended to join the labor force. Three million mothers of pre-school children and five million mothers of school

children now hold jobs. Among mothers with children under 18, more than one-fourth are in the labor force if the husband is present, and more than one-half if they are divorced or if the husband is absent. Those among the minority of mothers with children under 18 who have no husband to support them nor other adequate income and who, for some reason or other, do not work, depend on ADC.

Statutes in many states provide that adult ADC recipients must not refuse suitable employment if satisfactory child care arrangements can be made. In the District of Columbia employable mothers are ineligible for ADC. But social work theory generally holds that the decision whether to work or not should be made freely by the mother and not by the welfare agency. Those statutes have remained widely unenforced. A San Diego municipal judge who ordered 3 mothers charged with nonsupport to get jobs was overruled by the California State Board of Social Welfare which threatened to withhold all state funds from San Diego County if ADC payments were not restored. The women in question admitted they could work but said that they had been discouraged from working by the welfare department. The judge, a few months later, found himself deciding traffic cases.

In many jurisdictions, welfare workers put little if any pressure on an ADC recipient to work if she does not want to. Since available work as a rule is menial and low paid, she usually does not want to if ADC grants are not too miserly. So, particularly openings for domestic help go begging. Occupational training might help, as could work relief. However, social work theory frowns on work relief.

The 1962 Welfare Amendment permits, for the first time in a federally aided public assistance program, work relief in ADC, both for men and women. Upgrading of recipients through vocational training is to be emphasized, according to present thinking in the Department of H.E.W., but the Secretary may also approve plain work relief projects under certain conditions. Besides giving a community a tangible return on the public aid outlays, work relief can also serve as a test of the willingness to work of needy persons and help to control access to the relief rolls.

Children could be cared for during the mother's working hours by mutual baby sitting and required service in day care centers. The latter are now eligible for federal funds. To obtain the cooperation of the social workers in work programs may in some cases prove difficult.

Women work primarily to earn money. If the cash incentive is low or nonexistent, as it is in most cases, ADC recipients with little or no occupational skill will tend to avoid employment unless more force is placed behind requirement to work provisions.

7. LEVEL OF BENEFITS

Many national, state and local welfare reports have criticized ADC benefit levels as too low to afford recipients an adequate or acceptable standard of living. Some complained bitterly that benefits tend to be lower in ADC than in OAA and the other categorical programs, and that children are being deliberately discriminated against because they don't vote.

It is true that in ADC more often than in other programs appropriations prove inadequate to pay full benefits according to departmental budgetary standards and that rateable (*i.e.*, percentage)

reductions are then applied. Legislatures sometimes held down or cut ADC appropriations after they were frustrated in other attempts to control the program. With the major part—and in some states over 80%—of the funds coming from the federal government, state financial considerations may not be as decisive a factor as federally required characteristics of the program itself. Several cases are on record where a legislature, prevented from using a scalpel, resorted to a meat cleaver.

Low as the benefits appear in terms of a contemporary American living standard they often amount to much more than the recipients ever saw in their lives regularly coming in or than they have a prospect of ever earning by their own or their spouses' work. Their occupational skill, energy, work habits and resulting productive capacity command a rate of pay which does not exceed and often does not equal the level of their public aid benefits. ADC households are looked up to and envied as well-to-do families in some neighborhoods.

This presents a grave dilemma. One fact appears certain: efforts at rehabilitation and other methods of program control are not likely to be successful if benefits available through public assistance compete effectively with potential earnings from work.

8. SUITABLE HOME

No aspect of the ADC program has caused as much dissension as the "suitable home" concept. The impetus for the inclusion of such provisions in widows' pension laws may be credited to the *President's Conference on the Care of Dependent Children* in 1909 which recommended: "Children of parents of worthy character, suffering from temporary misfortune and children of reasonably efficient deserving mothers who are without support of the normal breadwinner, should, as a rule, be kept with their parents, such aid being given as may be necessary to maintain suitable homes for the rearing of the children." These principles dominated the mothers' aid programs adopted between 1911 and 1935 but such references as "parents of worthy character", reasonably efficient deserving mothers" and "suitable homes" were dropped when ADC replaced the state programs. Contemporary social work theory deems such restrictions punitive, entirely unwarranted, and detrimental. Many persons outside the profession view limitations of this and similar types more favorably. Fletcher Knebel's statement in *Look Magazine* that "upward of 75% of Americans favor tighter relief rules" is probably correct.

States generally deny ADC benefits if an able-bodied man is found in the home who is not married to the mother. That this "man in the home" rule is not inconsistent with federal law was reluctantly admitted—on close questioning—by the representative of the Department of H.E.W. at a recent congressional hearing. California rules are more lenient—as is the actual practice in many other states by "looking the other way"—which has led to the coming into being of the "casual stepfather" and created some bizarre situations.

Few states have attempted to enforce the "suitable home" rule. Louisiana enacted a "suitable home" law in 1960 and cut 6,000 households off the rolls where the responsible adult was engaged in illicit relationships. The Department of H.E.W. objected and the legislature was forced to repeal the restriction in 1962.

Florida's "suitable home" law passed in 1959 does not discontinue assistance if the environment is found to be unsuitable. The case is referred to the court for determination whether the children should be removed. More than 5,000 parents withdrew from the program when faced with the alternative of a court referral. Only 824 cases did go to the courts, which, in 87% of the cases, left the children in their present homes. The procedure appears to be acceptable to the Department of H.E.W.

Florida officials deem the "suitable home" law an unqualified success. The Florida Department of Public Welfare wrote: "We are convinced that the law has made possible certain positive results which could not have been accomplished in any other way, and we believe that, for many children, there will be lasting benefits."

Whether Florida's "suitable home" law would work in other states remains to be tested. Florida adopted a $81 family maximum ADC grant in 1951 and now pays an average monthly benefit of $61.92. How many families would voluntarily withdraw in states which pay benefits that are two or three times as high? How would the social work personnel cooperate in welfare departments which ideologically oppose the "suitable home" concept? What would happen if thousands of cases were referred to the courts and the courts decided to leave the children in their homes? What would happen if the courts—possibly under rules provided by legislation—were to decide that thousands of children should be placed elsewhere? There are not enough adoptive and foster homes available, so institutions to house the children would have to be found, public or private.

To institutionalize children without physical or mental defects is widely frowned upon. Moreover, it is prohibitively expensive, particularly in public institutions. Even at that, could more frequent removal of children from undesirable environments offer a better long-range solution than letting them observe and absorb detrimental patterns of conduct? One experiment in the District of Columbia now accommodates and trains mothers and children in the same institution. Compulsory work service of both parents could save on the operating costs. But, inevitably, this raises many other problems. Far more study will need to be undertaken before an acceptable solution to the "suitable home" problem is found.

CONCLUSIONS

The tasks of making adequate provisions for needy children without causing undesirable side effects and of regaining public confidence in ADC are not getting easier. The program shows a strong growth tendency and may expand substantially in the years ahead, both in number of recipients and in cost, if present trends continue. The size of expenditures could be restricted by appropriations. But the main concern is not and should not be with costs alone—which will remain large in any case—but with the return they yield. The objectives of ADC can be achieved only by greater legislative attention to what the program is intended to accomplish and what it actually produces. Ideological controversies have made ADC a battleground of two competing philosophies, which disagree on the extent to which financial need is the result of misfortune or of individual failure to meet personal responsibilities. The real conflict is not over policy in regard to

CMS Library
C2-07-13
7500 Security Blvd.
Baltimore, Maryland 21244

CMS LIBRARY
3 8095 00006327 7

children but in regard to adults. That is where the solution must be sought.

I doubt that in a country as large and diversified as ours a uniform national aid plan can succeed unless it permits wide regional and local leeway. Each state ought to study the ADC problem in terms of its own social and economic conditions and the wishes of its citizens.

An issue that will face many of you at the next legislative session is the inclusion of families with unemployed fathers which Congress extended for five years. Fifteen states authorized the program in 1961, but four states (N.Y., Ill., Pa., W. Va.) account for 83% of the national total of such cases. To require absence of the father, as the old law did, may cause some otherwise weak families to break up. But the new program could well create as many problems as it solves or more. It might prove a Pandora's Box.

Unfortunately, we don't know about ADC, its recipients and its long-range effects nearly as much as we need to. Some of the main points to watch for in future action are these:

1. How a law is administered is often as important as the law itself. What is decisive is not whether welfare is under a state board or a single agency head, but whether or not the officials in charge and their staffs are in sympathy with the policy objectives in welfare legislation. No program can be truly successful if those who carry it out disagree with the law's aims or methods. If they want to, they can make it fail. In some areas they do.

2. The primary aim of public welfare should be to help people achieve self support and to prevent them from becoming dependent. Various programs and techniques that lead toward that end need to be strengthened. Some states may advantageously spend more on intensive casework, vocational training and other ameliorative activities. But they are unlikely to succeed in inducing a sufficiently large number of aid recipients to seek self support if the level of public benefits available to employable adults compares favorably with the wages they could earn by working.

3. Public unhappiness with ADC is not directed against children but at adults. More effective ways must be found to deal with parents who have caused or contributed to their own and their children's dependency by their conduct. The incidence of desertion may keep growing if the majority of the fathers who turn their families' support over to ADC can, for all practical purposes, get away with it, as they can at the present time. The carrot and the stick are the most effective tools for influencing behavior.

ADC cannot hope to achieve the public acceptance it needs and deserves as long as it gives the appearance—rightly or wrongly—of supporting and promoting patterns of life which violate the moral precepts of our culture and the norms of society. This may be the most difficult gap to bridge between the convictions of the social work profession and the American public. But until some way is found across the chasm, there will be two camps fighting each other while needy children suffer.

○

CMS Library
CC-07-13
7500 Security Blvd.
Baltimore, Maryland 21244